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GOLD STANDARD (AMENDMENT) BILL.

HC Deb 21 September 1931 vol 256 cc1289-357

1289

The CHANCELLOR of the EXCHEQUER (Mr. Philip Snowden) I beg to move, "That leave be given to bring in a Bill to suspend the operation of Sub-section (2) of Section one of the [Gold Standard Act, 1925](#), and for purposes connected therewith." When I addressed the House a fortnight ago on the financial situation— §

Mr. STEPHEN I wish to put a point of Order to you, Sir, as to the procedure that is being adopted. I understand that the Chancellor of the Exchequer is asking leave to bring in a Bill, but I do not know under what Rule he is allowed to make the speech that he is evidently going to make. §

Mr. SPEAKER The procedure that is being adopted on this occasion is one that has often been adopted in case of emergency. It is not necessary that notice of Motion should be given. That necessity has frequently been omitted. The procedure now being adopted is quite in accordance with former procedure. §

Mr. STEPHEN Is it not the case that, when this procedure is being adopted, there must be general consent of this House to it? §

Mr. SPEAKER The procedure, as I have said, is according to the usual custom on occasions of this kind. Of course, the House will be able to debate the Motion that leave be given to bring in the Bill, and, if necessary, they can divide and vote against it. §

Mr. STEPHEN I am aware that that can be done, but I have always understood that the exceptional procedure demanded the general consent of the House, and I am asking if that is not the case? If there are Members who object to the introduction of the Bill in this way, does not that make this procedure impossible? §

Mr. SPEAKER No, that is not so. The method of expressing objection to the introduction of the Bill is to vote against it. §

Mr. THORNE Did not the Chancellor know before the House adjourned on Friday what was going to happen, and did he not have time to put it on the Order Paper? §

Mr. WISE It is announced this morning in the Press that the Government had this Bill ready and were going to introduce it this afternoon and I inquired at the Vote Office for a copy of it. It is obviously very inconvenient to the House that we should consider a Bill without a copy of it before us. If the Government can break the established practice of the House in regard to giving notice, it would have been much more satisfactory to our discussion if the Bill had been available this afternoon. May I ask whether it would not be possible to make prints of the Bill available now? 1290 §

Mr. SPEAKER I understand that very shortly, as soon as the Chancellor of the Exchequer has made his statement, copies of the Bill will be available to Members. §

Mr. WISE May I ask whether it will be in order to put down Amendments this evening in manuscript, and whether they will be accepted in exactly the same way as if we had had an opportunity of putting them on the Paper? §

Mr. SPEAKER If the Amendments are in order, they will, no doubt, be accepted by the Chair. If they are not, of course, they will not. The Chairman will have the same power of accepting an Amendment or not as he thinks fit. §

Mr. MACQUISTEN I suppose the "Daily Herald" did not get an advance copy. §

Mr. MACLEAN In the event of leave being given to introduce the Bill according to previous practice and the Standing Orders—

Mr. SPEAKER There is no Standing Order involved at all. §

Mr. MACLEAN In the event of leave being given to introduce the Bill, will it require a separate Motion to give consent, if the intention is to put it through all its stages, so that there is no opportunity for Members to put down Amendments that the House can see, and the only Amendments that can be handed in will be manuscript Amendments. I wish to ask whether the same procedure cannot be adopted as was adopted in 1925, when it was decided to give the ordinary readings over a series of days to the Bill to go back to the gold standard.

Mr. HANNON Is not this an occasion of national emergency which should command the consent and co-operation of all sections of the House? 1291 §

Mr. SPEAKER I have told the hon. Member for Leicester (Mr. Wise) that, if hon. Members hand in Amendments, I will certainly consider them, and, if they are in order, they will be permitted. The various stages of the Bill—Second Reading and Committee—can all be opposed in the House. §

Mr. MACLEAN You are missing the point which I was putting. Is it intended to bring in the Bill which is being introduced without any Standing Order governing its passage through any of its stages? So far as handing in Amendments is concerned, I pointed out that these could only be manuscript and it imposed a very great hardship on Members that they are unable to follow Amendments which do not appear on the Order Paper.

Mr. SPEAKER I am not at all certain that it is not really the Chairman who will have the greatest hardship in interpreting manuscript Amendments. As to the first point that the hon. Member raised, if he will listen to the Chancellor of the Exchequer's speech, he will see whether he proposes to take the other stages of the Bill to-day. §

4.0 p.m. §

Mr. P. SNOWDEN This is a Bill for the temporary Amendment of the [Gold Standard Act](#), §

1925, and the Amendment takes the form of suspending Section 1, Subsection (2), which reads as follows: "the Bank of England shall be bound to sell to any person who makes a demand in that behalf at the head office of the Bank during the office hours of the Bank, and pays the purchase price in any legal tender, gold bullion at the price of three pounds seventeen shillings and ten pence halfpenny per ounce troy of gold of the standard of fineness prescribed for gold coin by the [Coinage Act, 1870](#), but only in the form of bars containing approximately four hundred ounces troy of fine gold." The Bill is a one Clause Bill with three Sub-sections, the first of which reads: "Unless and until His Majesty by Proclamation otherwise directs, Sub-section (2) of Section (1) of the [Gold Standard Act, 1925](#), shall cease to have effect, notwithstanding that Sub-section (1) of the said Section remains in force" The second Sub-section proposes to indemnify the Bank of England 1292 for having to-day acted upon the suspension of that Sub-section of the [Gold Standard Act, 1925](#). The third Sub-section, a very short one, reads: "It shall be lawful for the Treasury to make, and from time to time vary, orders authorising the taking of such measures in relation to the exchanges and otherwise as they may consider expedient for meeting difficulties arising in connection with the suspension of the gold standard." "This Sub-section shall continue in force for a period of six months from the passing of this Act." This Bill will be available in the Vote Office as soon as the House has given permission for its introduction. I ought, perhaps, to add that this will not affect the free gold market in London. There will be no restrictions on the importation or exportation of gold, and any gold sent to London for sale, for example that from the South African mines, will, like any other commodity, fetch its market price, whatever that may be. Also, there will, of course, be no impediment placed upon the free withdrawal of gold which has been put into the safe custody of the Bank of England by foreign Governments or by foreign central banks. All that is changed is that the right under the Sub-section of the 1925 Act to take from the Bank of England gold in bars is suspended. Finally—and I only say this because of an unreasoning fear that appears to prevail abroad—where we are under obligations to make payments in dollars or other foreign currencies, as for example some of the War Bonds that were issued in New York, we shall, of course, continue to meet our obligations punctually in those currencies.

So much, then, for the provisions of the Bill. The situation which it is intended to meet, though it has been precipitated by recent events, has been maturing for a considerable time. Obviously, the fall in the general price level affected the capacity of the primary producers of the whole world to meet their obligations, with consequent effect upon their credit in the markets. A vicious circle was set up, banks and investors becoming more and more reluctant to lend their capital to potential borrowers, and these borrowers becoming more and more insolvent owing to the impossibility of obtaining the usual financial accommodation. The actual crisis started with the collapse of the chief bank in Austria last May and with the 1293 crisis which followed in Germany. The tying up of funds in Germany had an immediate effect upon the London market, because London is the centre of international banking, and it was known, of course, that we had been lending to Germany. Once foreign centres became nervous, the difficulties of our situation came to the front. There was much criticism abroad of our Budget, our expenditure upon unemployment, our adverse balance of trade; these were all seized upon and exaggerated. To meet that situation the Bank of England about the

beginning of August raised a very large credit, no less than £50,000,000, from the American and French central banks to meet the withdrawals, but within a couple of weeks these resources were practically exhausted.

At that stage the National Government came into being, and the plans which we announced for balancing the Budget had the immediate effect of restoring confidence. For some days the stream of withdrawals fell sharply, and we hoped that it might dry up. Unfortunately, however, we could not present a united front. [Interruption.] Speeches were made and articles were written by prominent people advocating inflation and repudiation, which had a most damaging effect. There was political uncertainty, and the news of the unrest that occurred in the Navy was recorded in scare headlines in every foreign newspaper. At the same time, in the general atmosphere of nervousness, difficulties developed in foreign countries, and people began to scramble to liquidate their positions. This was as much due to nervousness about their own position as to a loss of faith in sterling. The Government raised further credits to a total of £80,000,000 in New York and Paris, and I should like to take this opportunity of expressing our thanks to the Governments and Banks in both countries for the readiness with which they helped us. But, in the circumstances, even this further credit did not prove sufficient. In the last few days the withdrawals accelerated very sharply. On Wednesday, it was £5,000,000; on Thursday, £10,000,000; on Friday, nearly £18,000,000. and on Saturday, a half day, over £10,000,000.

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Altogether, during the last two months, we have lost in gold and foreign exchanges a sum of more than £200,000,000, apart from agreeing as a result of the London Conference, to lock up £70,000,000 of our assets in Germany. We informed both the United States and the French Government confidentially of the position on Friday and asked their view as to the possibility of obtaining further credits. In both cases the replies, though friendly and sympathetic, afforded no prospect of assistance on the scale that by that time was obviously necessary. On Saturday, the position had become so serious that it was quite evident that it could no longer be dealt with except by suspending the [Gold Standard Act](#), and so the Bank of England addressed a letter in the following terms to the Prime Minister and myself: "I am directed to state that the credits for \$125,000,000 and francs 3,100,000,000, arranged by the Bank of England in New York and Paris respectively, are exhausted, and that the credit for \$200,000,000 arranged in New York by His Majesty's Government, together with credits for a total of francs 5 milliards negotiated in Paris, are practically exhausted also. The heavy demands for exchange on New York and Paris still continue. In addition, the Bank are being subjected to a drain of gold for Holland. Under these circumstances, the Bank consider that, having regard to the above commitments and to contingencies that may arise, it would be impossible for them to meet the demands for gold with which they would be faced on withdrawal of support from the New York and Paris exchanges. The Bank therefore feel it their duty to represent that in their opinion, it is expedient in the national interest that they should be relieved of their obligation to sell gold under the provisions of Section (1) Sub-section (2) of the [Gold Standard Act, 1925](#)." To this letter the following reply was sent: "His Majesty's Government have given the most serious consideration to your letter of the 19th instant in which you informed them of the grave difficulties with which you are faced in

meeting the obligation placed on the Bank of England by the [Gold Standard Act](#) of 1925 to sell gold in the form of bars to any person making a demand in accordance with the Act and of the dangers which you apprehend if that obligation is maintained. His Majesty's Government are of opinion that the Bank of England should place such restrictions on the supply of gold as the Bank may deem requisite in the national interest. They will be 1295 prepared to propose to Parliament forthwith a Bill giving indemnity for any such action taken by the Bank." Thus, with appalling suddenness, the crisis which we had striven to avert broke on our heads, and we had no alternative but to suspend the gold convertibility of the currency. We have consulted the banks as to the origin of the heavy sales of sterling, and the banks assure us that, as far as they can judge, the selling is predominantly on foreign account, and there is no evidence of any substantial export of capital by British nationals. So far as British nationals are participating in these sales they are, as I said in the House the other day, deliberately adding to the nation's difficulties. The banks and accepting houses have arranged that they will scrutinise all demands for exchange presented by British nationals with a view to preventing, as far as they can, all purchases other than for bona fide commercial requirements, and I am very glad to be able to tell the House that foreign banks in London have taken steps to co-operate with their English colleagues in this matter. The Government are asking in the Bill for powers to take emergency measures under the Sub-section which I have just read should these prove to be necessary or advisable in order to support and reinforce the steps which the banks are taking.

It may be suggested that before taking this extreme step, we should have allowed more of the gold reserves at the Bank to go. This is a question to which both the Government and the Bank of England gave anxious and careful consideration. If it had appeared that the drain could have been stopped by the exportation even of a large proportion of the gold which the Bank holds, the Bank of England would not have hesitated to allow it to go. The Bank and the Government had already obtained credits abroad approximately equivalent to the total amount of gold reserve held by the Bank, and these credits have to be repaid within one year at latest. We had to take account of this liability, and we must also maintain a certain reserve for eventual emergencies which no one can foresee.

Mr. WISE May I ask the Chancellor of the Exchequer—[Interruption]. §

Mr. SNOWDEN We were informed that the foreign assets still held in London largely 1296 exceeded the amount of the Bank's gold, and it appeared that to allow any further export § of gold simply would benefit those who showed least confidence in sterling, and it would be at the expense of those who had not withdrawn their balances, so that in the circumstances we decided that it would be contrary to the national interests to allow any further gold to go.

It is frequently suggested that we could have met the drain on our exchange by mobilising our holdings of foreign securities as was done during the War. This was one of the first points to which His Majesty's Government directed their attention, and they made inquiries as to what possibilities there were in this matter. These inquiries satisfied them that the position at present is, for various reasons, substantially different from what it was during the War, and that, having regard to the extent and rapidity of the drain on the exchange, such resources

as we might have been able to obtain would not have materially affected the drain. At the same time, these securities may well prove a reserve for the support of the exchange in the situation which has arisen, and this matter is under constant consideration.

The unequal distribution of the world's supply of gold has long been under the consideration of the British Government and the Bank of England. In fact, we have taken every possible opportunity to promote co-operation between central banks with a view to finding a remedy. So far as we are concerned, we would willingly have called a conference for this purpose. But it was made abundantly clear to us that any proposal of this kind would be unwelcome to other Powers, and therefore a conference would be foredoomed to failure. [HON. MEMBERS: "Protection!"] It may be that the present crisis will bring home to those who have hitherto been reluctant to enter into a discussion on this matter the pressing necessity of concerted action, and His Majesty's Government will certainly miss no opportunity of emphasising the urgency and importance of the matter.

When the financial history of the post-War period comes to be written, I do not think that this country will have any reason to be ashamed of its part. We set the example, both as regards meeting our obligations and of helping the reconstruction of the world, and, if we have [1297](#) failed, it is because we have undertaken a burden too heavy for us to bear. Certainly, it does not seem to me that other countries can afford to challenge or to condemn us for what we have done. As regards the United States, we exported to America, during and immediately after the War, actual gold to the value of £322,000,000 in discharge of our obligations. We then proceeded to fund our War Debt to the United States, and under the basis of settlement we have contributed 1,352,000,000 dollars, or over £280,000,000, representing nearly 30 per cent, of the debt at the date of funding. Though the British debt to the United States represented only 41 per cent. of the total War Debt owing to the United States, our payments to the United States represent 83 per cent. of the total payments they have received in respect of those debts. As regards France, the War loans made by the British Government to France, after deducting all offsets, amounted at the date of funding to £600,000,000, on which the British taxpayer has been paying approximately £30,000,000 a year in interest. Under the terms of settlement, the French Government pay us only 40 per cent. of this. Much more could be said, but I will only add this: America and France taken together have now acquired three-quarters of the entire gold in the world and have buried it in their vaults, where it is largely sterilised and useless for the purpose of promoting international trade.

To record these historical facts is in no way to overlook the help that we have received recently from France and from America. I have already expressed the warm appreciation of His Majesty's Government for the readiness with which they came to our help in the matter of credits. But I should also like to add this special word as regards the French banks. I am told that these banks have not played any part in the recent withdrawals from London, but have maintained their balances practically intact, and the critics of the French banks will, I hope, bear this in mind.

The credits we have raised could do little more than disguise the symptoms of the present trouble, but could do nothing to remedy the disease. There is, in sober truth, a world- [1298](#)

wide panic on the part of the investment markets. The whole world seems to be bent upon selling securities for cash and denying the possibility of the existence of credit. Such a course cannot be pursued for very long without, inevitably, causing the breakdown of the whole world system of credit, and, in the face of such a panic as that, we must protect ourselves.

His Majesty's Government, therefore, must ask Parliament to suspend temporarily the provisions of the [Gold Standard Act](#) and to authorise such other measures as may be necessary to protect our position. But happily we are forced to do this by reason of an exchange crisis and not because of any disorder in our own internal finances. We are securing, at the cost of painful sacrifices, a balanced Budget and our internal position is secure. It is vital for us to maintain that position. Externally, the initial effects on our exchange of the steps we are proposing may no doubt be serious, but I believe they will be temporary and that those who have confidence in sterling will not find their confidence misplaced. At the same time, I think we are entitled to look for some recognition on the part of other creditor countries of their responsibility for the present situation. Firstly, the world must learn that the existing economic system cannot be maintained—[Interruption]—if everybody tries simultaneously to liquidate their investments. This is playing fast and loose with the delicate machinery of credit. It may be, as I said, that the present crisis will pave the way to better international co-operation, but its immediate effects may be at least as serious for the countries which have been dependent on London for credit as they may be for ourselves; and there is a risk, of course, that for a time the machinery of international credit may be dislocated. I can only hope that this risk will not be realised and that, even though it may temporarily not be linked to gold, sterling may continue to serve, as it has in the past, as a medium of international trade.

That is all that I have to say in asking leave to bring in the Bill and in asking the House to pass it without delay through all its stages as a matter of extreme urgency. I do this with no light heart. Our action, no doubt, will have wide repercussions and increase the 1299 dislocation and instability for the time being of international trade and finance, but at the same time there is no need to exaggerate the difficulty. Apart from temporary panic sales, which may, of course, have to be reckoned with, I see no reason why sterling should depreciate to any substantial extent or for any length of time provided, and this is vital, that the finances of our country are administered with proper care. It is one thing to go off the Gold Standard with an unbalanced Budget and uncontrollable inflation, but it is far less serious to take this measure, not because of internal financial difficulties, but because of excessive withdrawals of borrowed money. We have balanced our Budget and therefore removed the danger of having to print paper, which leads to uncontrolled inflation. We can, therefore, face the position with calmness. The ultimate resources of this country are great, and the Government will, of course, continue to watch the situation and take such measures as may be possible to circumscribe the fluctuations of the exchange. At the moment, we have no alternative before us but to suspend the convertibility of the currency.

I venture to appeal to everyone in this place not to use words at this moment which will make things more difficult. We must get together as a nation and set to work to build up our prosperity anew. The question of the adverse trade balance has to be dealt with, and the

Government are giving that matter their fullest consideration. In the process of rebuilding, we may have to adopt, as we have done in connection with balancing the Budget, many expedients which in other circumstances would be repugnant to us. In the meantime, it is the duty of everyone to keep cool and not to aggravate the situation by panic. If we do this, our inherent strength will pull us through these temporary difficulties.

Mr. ARTHUR HENDERSON I think it will be recognised in all parts of the House that to follow the Chancellor of the Exchequer in this Debate, in view of the short time that we have had to consider the position that is represented by the Bill, is one of considerable difficulty. I was very much impressed with the closing appeal made by the right hon. Gentleman. 1300 I thought that I could take heart of grace, as it was such an improvement upon the peroration that he delivered in this House a few nights ago. I noticed in his speech that he said that they could not secure a united front, and he seemed to attribute the lack of that united front as one of the causes that have led to the necessity of pursuing the policy which he has outlined. If there has not been a united front and if we are going to hold an examination or an inquest in order to find out the causes, I am inclined to think that all the blame will not rest on one side of the House.

The speech of the Chancellor of the Exchequer clearly shows that the action now proposed by the Government is due to the drain of gold and the withdrawal of credit. That, I think, can become common ground. This is no new position. The Chancellor of the Exchequer thought that it began with the German crisis in May. [HON. MEMBERS: "Austrian!"] The German-Austrian crisis—the failure of the Credit Anstalt Bank. I think it began before that. This situation has been growing up for very many months. [Interruption.] I am afraid that if we have to take it in minute form, we shall have to go back to the Peace Treaty. I want to come nearer to the present moment. In my opinion, this trouble began to grow up many months ago; so much so, that very serious discussions took place in May, when I was at Geneva, at the meetings of the European Commission of Inquiry, and, very largely through my instrumentality, two very important committees were appointed, one to deal with the economic aspect of the world situation, and the second to deal with the financial aspect of the world situation. I am afraid that the international aspect of the case has not been explored as fully as it might have been. I was glad to hear the Chancellor of the Exchequer suggest that that aspect of the case is going to receive very full consideration at the hands of the Government.

I agree with the right hon. Gentleman that there is no need for panic. So far as I can assist, on this side of the House, I shall do everything I possibly can to avoid, according to his appeal, uttering any word or making any statement calculated to produce panic, either 1301 at home or abroad. There may have been differences, but I will say again, as I think I said on the last occasion that I addressed the House, there was no difference of opinion as to the necessity of balancing the Budget. The Chancellor of the Exchequer, in speaking on several occasions, has referred to the question of balancing the Budget. How could we go on very long without straining every nerve to balance the Budget? As everybody knows, I need not traverse the ground, the difference was not on the question of balancing the Budget, but as to the method by which the Budget was to be balanced.

Another point comes out of the present position. I have said that it is due very largely to the continued flow of gold and the transfer or withdrawal of credit. I would like to ask whether the Government are satisfied that the programme that they undertook to put before the country three weeks ago has not failed in the object they had in view. That being so, if there is desire, as I am told there is, according to the peroration of the Chancellor of the Exchequer, to have a united front, to avoid everything that would divide the nation; if that desire is genuine, it seems to me that the programme upon which the Government set out, and which has not succeeded in the object they had in view, should be withdrawn. We may be told, in reply, that that would be altogether too serious a change to make at this stage; but I want to bring before the House the fact that there have been most important changes made during the last three weeks—changes which have not yet been reported to this House. The figures that were submitted to us, dealing with one very important part of the Budget now before the House, contained a sum of £62,000,000 of direct taxation. Everybody in this House knows that that £62,000,000 has been reduced to £57,500,000. I hope that statement is not challenged. I shall be within the recollection of everyone associated with me that the figure that came before us of direct taxation was £62,000,000. The point that I am making is that £4,500,000 has gone from that sum. If that £4,500,000 had been left there and had been used to ease the situation of certain classes—even the Prime Minister over and over again has admitted that there are very hard cases included in each one of these 1302 classes—the position in this country would have been vastly different, if you want unity.

In all classes—and reference has been made to nearly every class by way of question and supplementary question this afternoon—it is admitted that there are serious cases of hardship. If there were cases of hardship last week, what is the position to-day? I repeat, if there were cases of hardship last week among the teachers and among the members of the Police Force and branches of the Services, what is the position to-day? If we are to believe the statements which have been made on every occasion that the question of the Gold Standard has been discussed as to the serious losses which will be suffered by all classes of the community, that it will hear hardest on the working classes, then I say that if the cases were hard last week—and hon. Members opposite know full well that in many instances they were exceedingly hard, almost oppressive—they are infinitely worse to-day. What does it mean? Take the case of a teacher. He has to stand a reduction in salary. He is also affected by the lowering of the standard of the Income Tax, and he is to have his pension position very seriously prejudiced. There is a triplicate punishment, as it were, inflicted upon a teacher. Now we are going to add, as a result of our going off the Gold Standard, the very definite possibility of inflicting hardship if not privation upon the same individual. Therefore, is there not something to induce the Government, to induce the Chancellor of the Exchequer, to reconsider the position; to stand by the principle of a balanced Budget but a balanced Budget which, in face of the existing crisis, would unite this nation as it has not been since the issue was raised. I hope that that appeal will not be made in vain.

I ask another question. Are the Chancellor of the Exchequer and his colleagues quite satisfied that the proposals for which they have made themselves responsible are really going to meet the situation, are really going to solve the difficulty with which the Government and the

nation is confronted? I confess that I have very serious doubts as to that result being achieved. Having made these few general remarks I will come to the Bill itself. By the kindness of the Prime Minister, I have received a copy, but I have not had an opportunity of fully consulting with my colleagues upon it. I am very much concerned to get some information with regard to Sub-section (3). "It shall be lawful for the Treasury to make, and from time to time vary, orders authorising the taking of such measures in relation to the exchanges and otherwise." The last words are "and otherwise." I thought that the Chancellor of the Exchequer, in his speech, would have detailed a little more fully what they mean; what these orders are going to contain, and what is going to be the effect upon various sections of the community. I am not objecting to powers being given. If they are given under proper conditions, and if they are properly used, I could see such justification coming from them as would almost compel some Government to make such orders part of our permanent legislation. I look at it like this. Without attaching too much blame to the financial interests—I am quite certain that they cannot be exonerated entirely—it may be advisable, after the experience we are going through, to experiment and see whether by the powers which are going to be given to the Government we cannot learn such lessons that eventually we shall have a greater control, a much greater control, than that which we enjoy at present over a great interest that can do something that may seriously prejudice if not depress the standard of living to the masses of the people of our country. 1303

I want to ask the Chancellor of the Exchequer one or two questions. What kind of control is envisaged for exchange operations? Does Sub-section (3) mean any measure of control over foreign securities in the possession of British nationals in this country or abroad? Does Sub-section (3) include any control of foreign balances or payments abroad to British nationals? Does Sub-section (3) mean that effective steps will be taken—and to this we on this side of the House attach great importance—to prevent, during the period that the Bill is going to run, the exploitation of wholesale and retail prices?

Mr. P. SNOWDEN indicated assent. §

Mr. HENDERSON The Chancellor of the Exchequer says "yes." Will he inform us, before we part with the Bill, what machinery it is proposed to use for this purpose? May I say that much will depend upon the answers to the questions I have just submitted, and I hope that the Parliamentary Secretary, as early as possible in the Debate, will give answers which will reassure us on these points which we regard of such vital importance. If the answers are at all satisfactory, though I have not had an opportunity, as I have already said, of consulting the whole of my colleagues, the advice we will give is that we will not oppose the Bill, and by that means we will make our contribution to that unity that has been referred to. 1304

Mr. WISE No one who has listened to what the Chancellor of the Exchequer has said today can fail to contrast it with what he said two or three weeks ago. It is perfectly plain that the whole case which brought this Government into existence, and which is about to inflict a disgraceful Economy Bill and a discreditable Budget on the country, has collapsed. We were told that it was necessary to reduce unemployment benefit allowances and to carry through the other reductions in the Economy Bill in order to save the pound sterling. It is quite plain §

that the Government has not saved the pound sterling. All that case has disappeared. But it is not only that the core for the policy of the Government has collapsed. I can well believe that the right hon. Member for Edgbaston (Mr. Chamberlain) will in private, if not in public, complain of the troubles and difficulties which this bankers' crisis is also inflicting on the Tory party, for it is perfectly plain that if the cost of living is to be increased by going off the Gold Standard the whole case for pushing up price by Protection disappears as well.

Quite apart from these Parliamentary points it must be plain that very much more is happening in the world than a mere temporary difficulty in exchange. The process of increasing difficulty in regard to the working of the international financial machine, which has been observable now for many months, has reached another and very critical stage, and it is equally plain that this is very far from being the last stage. We are now, despite all the efforts of the Government, abandoning the Gold Standard. We are giving power to the Bank of England to discontinue payments in gold, and we are giving vague powers to the Treasury in regard to the control of exchange. I should like to know what the Chancellor of the Exchequer proposes to do with these powers? What is his policy in regard to currency and in regard to the international financial position. What is his position in regard to the world collapse of finance and commerce? 1305

Two or three weeks ago the Chancellor of the Exchequer and the Prime Minister, and the right hon. Member for St. Ives (Mr. Runciman), informed us that if we went off the Gold Standard the whole structure on which the standard of life and world trade were built up would collapse. If there is any panic now, if the Chancellor of the Exchequer finds it difficult to persuade people in this country to accept the words of comfort and calm which he is addressing to them now, it is the speeches of the Chancellor of the Exchequer two or three weeks ago, and his colleagues, that are responsible for it. If there is apprehension in the minds of the working people of this country as to the possible and probable effect of this latest development, it is due to the speeches made over the wireless by himself. At that time he was trying to delude the working people that they must endure sacrifices in order to save the bankers. It is plain that all these sacrifices, if they are enforced—I hope the Government will not continue in office long enough to enforce them—will have nothing to do with the problem and difficulty with which the country is now faced.

The method adopted by the Government two or three weeks ago in order to stave off a collapse in the pound sterling, which has happened now, was to borrow money in New York and Paris. The terms they paid for this arrangement have had a great deal to do with the panic and the flight from the pound of the last few days. The Government paid in New York for these credits a price which was a minimum of 61 per cent. and a maximum of 7¼ per cent., or thereabouts, in certain circumstances prices might have been higher. But let me remind the House what at that time was the cost of money in New York. At that moment for three months Bills, bank bills, the price was 1 per cent. One year United States Bills with a large amount outstanding were at 2 per cent.; and the price of United States Treasury long-term securities generally was about 3 per cent. After the British Government, whose credit in the world has always stood as high as that of any other country, has gone into the New York market—and into the French market too—and offered a price for discounting bills, 1306

three months bills, or six months bills, or at most 12 months bills, about three times the current market price for money, what could you expect to happen to the credit of this country? That scandalous, that indefensible operation, I am sure, has played a very big part in the collapse of the pound sterling in the last week or two. We understand that the Government are taking very wide powers, but it is plain, despite what the Chancellor of the Exchequer said, that a very important factor in this emergency has not really been only the withdrawal of foreign balances in London and the sale of securities held in London by foreign holders, but to a greater or less degree to the attempts of British subjects to transfer their balances abroad. The Chancellor of the Exchequer told us that the French banks, the United States banks, have co-operated, and he went out of his way to thank them for all the assistance that they have given him. But if Paris and New York have co-operated to this extent, how has the flight from the pound come about? It is current talk in the City, as the Chancellor of the Exchequer must be aware—it is referred to without any equivocation in the Press—that a great deal of the transfer of sterling into other countries in this last week or two has come from British subjects desiring to get their balances abroad.

5.0 p.m.

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Mr. P. SNOWDEN That is not true.

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Mr. WISE The right hon. Gentleman says it is not true. I ask him what really effective steps has he taken to verify that fact? He has acquired from the banks in a general sort of way. Has he in any way checked or controlled the methods which the banks have taken, in order to verify that information? If he consults the banks, if he consults his Treasury officials, I am sure they will tell him that there are a dozen ways in which British subjects can get their balances abroad, and many British subjects must in the last week or two have been indulging in them. 1307

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What I would like to know further is this: The pound is now off parity with gold. No one knows how far it will go. We have had no indication at all as to what, in that respect, is the policy of the Treasury or the Bank. The mere fact that it is in that position makes it commercially desirable and possible for commercial firms and others, in the ordinary course of their business, apart from any attempts which have been made and which I suspect will be made to evade taxation and that sort of thing, to put their money abroad and to do it quickly, because the longer they wait the less they may get out of it.

The whole experience of Germany, of Austria and the other countries which have gone off the gold standard—the experience which was pressed upon us in previous Debates, is that once that process starts, once it is possible for a firm to make large profits by buying foreign currency instead of holding sterling, it is essential to take effective measures to control the exchange. That has been the experience of Germany. That is what, in fact, Germany and Austria and these other countries have done in the last few weeks. The Chancellor of the Exchequer proposes, I understand, to leave it to the kindly offices of the banks. I suggest very strongly that, however benevolent may be the intentions of the banks in that direction, the national position is unsafe and unstable, unless effective powers are taken and used to

control all such possible operations.

I go further than that. It is plain that until the pound is stabilised somewhere, the operations in sterling, in the transfer of sterling to other countries, will be extremely profitable. There are all kinds of ways in which such operations can be wrapped up. As is well known, Germany has centralised all her operations in that respect. She has done more than that. In the last two or three days, in order to avoid the sort of difficulties from which we have suffered in the last few weeks—difficulties largely due to the unsatisfactory methods and policy of the banks—Germany has taken effective control over her whole banking organisation. We shall be driven to that, even under this Govern- ment, sooner or later. Better to do it now than 1308 to be pushed into it in three or four weeks time, as the Government have been pushed off the gold standard after three weeks of playing with irrelevancies which have no sort of reference to the problem with which we were and are concerned.

Take another point. We were told that if we went off the Gold Standard the effect would inevitably be that prices would rise, the cost of living would increase. I understand that in the Liverpool market the price of wheat has already increased by 12½ per cent. to-day. Do the Government propose any effective means for controlling the cost of living? There was nothing in the Chancellor's speech which had anything to do with that problem. Although, as a result of going off the Gold Standard, the price of wholesale commodities will rise, there is a wide margin before there need be any corresponding rise in the retail price. The margin between wholesale and retail prices has been one of the insistent difficulties in our economic problems for a year or two. I have taken out the figures of the wholesale and retail indices in 1928–29, before the big collapse in world prices took place, and compared them with the corresponding indices now. In 1929, with wholesale prices at 136½, taking the pre-War as 100, retail prices stood at 164. Now, with wholesale prices at 100, retail prices stand at 145. The 1929 relation was not at all abnormal. On that basis the wholesale price might rise 20 per cent. without there being any necessary rise in the general level of retail prices. It ought to be the first task of the Government to take action, after being pushed into measures which must inevitably make imported foodstuffs and raw materials dearer, to prevent any unnecessary increase in the retail cost of goods.

Then in regard to the future, what do the Government propose to do? I see that the Bill contains a limitation of its operation, or a part of its operation, for six months. Is it the intention of the Government and of the Bank of England, or, should I say, of the Bank of England and the Government, to put things in their proper order in these days, to continue to pursue the policy which it has pursued with such disastrous results all these years— 1309 the policy of deflation—and after the period of collapse and difficulty to try again to go back to gold? Is that the intention of the Bank of England? I observe that their first reaction to this situation is to push the bank rate up to 6 per cent. That is a very necessary precaution at the moment, when changes are being effected. But a bank rate at that figure would mean a policy of contraction of credit, of deflation, which would add to all the difficulties from which we already suffer under the economy proposals of the Government, and the new difficulties from which we shall suffer on account of the higher cost of imported food and raw materials. This would mean a continuance of the disastrous policy of trying to adhere to the Gold

Standard at whatever cost to the productive industry of this country. This, indeed, has always been and probably remains the desire of the City.

Moreover, the mere insertion of a limiting period of six months will tend to create an uncertainty, an incentive to speculation, which may be very valuable to those who are able to profit by such transactions, but very disastrous to the possibility of the country and of industry speedily getting again into a position in which trade and industry can proceed satisfactorily. What indeed is the policy of the Government? What indeed do the Government propose to do? It is quite plain, as has been plain for months—the Macmillan Committee drew attention to it—that in order to preserve the possibility to the City of carrying on its business on the Gold Standard—a very profitable possibility and very advantageous to the City—we were striving in vain to keep the industry of this country going on the basis of a pound which was, as that Committee considered, 20 to 30 per cent. over valued. We were carrying a burden, in our adherence to the Gold Standard, which was too heavy for this country to bear, which benefited the rentier class but inflicted injury on industry and the rest of the community, and was the main cause of our unemployment, and which helped much to keep back the whole possibility of world recovery.

What is our policy to be? Are we proposing to accept the situation, and to recognise frankly that on the old basis this country cannot prosper, that world trade cannot recover, 1310 that the world would continue in a state of bankruptcy and hopelessness, and that with three-quarters of the gold of the world in the possession of France and America we should be putting our necks under the heels of Wall Street and Paris? Or are we now to take the opportunity of regaining the initiative in international affairs, of recognising that the old system is going, that the gold basis, which has been the key and centre of financial control of industry, has collapsed? Are we indeed going to take the lead in striving to get the industry and commerce and finance of the world on to a more scientific and more satisfactory basis? I can conceive no greater misfortune than that the Government, having failed to learn the futility as well as the humility of going on its hands and knees to the financiers of Wall Street and Paris, should continue this practice.

We have got off the Gold Standard. We had better stay off the Gold Standard and strive to reconstruct the trade of the world on a new basis. Let us call a conference of the non-gold standard countries, which now include Australia, Germany, many other European countries and practically the whole of South America, and the day after to-morrow will include a very large proportion of the remainder, except perhaps France and the United States. Let us try, as was suggested at Geneva two days ago in a very important speech from a representative of the Eastern European countries, to reconstruct international trade on the basis of a pound sterling kept stable in terms of commodities instead of this slavish and hopeless adherence to the Gold Standard which has now completely let down the world. Let us strive to get things going on a new basis. That means, of course, much more than the establishment of a new scientific currency system, though that is necessary. If we are going to base our currency, as we ought to, on the maintenance of a stable level of the prices of commodities, supervision must be exercised to secure that the main commodities are handled on lines which will preserve stability in supply and distribution.

It means definitely that we have to get off the old capitalist basis of international finance and trade and try to re- place it with one which is not only more human, but more 1311
 scientific and more adapted to the circumstances of the present moment. I doubt if anybody on the benches opposite sees any way out of the present situation on the old lines. I fail to find any indication in the Press or in speeches either here or elsewhere that the bankers of Europe of London or New York see any way out of the present difficulties of the world if we try to remain on the old basis. The gold basis and the capitalist organisation of finance and world trade have collapsed. The Government have striven to preserve it in this country. They have failed and they will fail again if they try to do it again on the old lines.

The essential thing now is that this country, facing the fact that there has to be a change in the currency and the trade organisation of the world should, as in the 19th century, take the lead in initiating those changes. For the last two months we have been on the run. We still have the chance of taking the lead. But if we took the lead in this matter we would, I have no doubt, preserve the prestige and the importance of the City of London as a world trade centre. But let there be no mistake that this requires not only a new currency method, but organised supervision on a world basis over the distribution and prices of essential raw materials and commodities, so that the collapse of this past year or two may not be repeated. It also requires this, as I see the situation—that never again can this country permit its economic life, its financial stability, the livelihood of its workers to be at the mercy of bankers in the City of London who are guided, not by any general considerations of national policy or interest, which are entirely outside their province, but are guided only by their immediate personal interests. We on these benches will do our best to prevent any danger of our ever again permitting this country to get into such a position of bondage and of danger.

Colonel WEDGWOOD I have the greatest sympathy with the Chancellor of the §
 Exchequer. For years he has regarded himself as the champion and protector of the honour of the British pound. The financial integrity of sterling has been to him as a woman's 1312
 honour. Like Foch he said:

"Ils ne passeront pas."

But they have passed. I feel that the Chancellor of the Exchequer is too expensive for this country and I am not certain that he is not going to be even more expensive than he has been. The Budget is no longer balanced. I want the House to understand what has been happening during the last fortnight. A fortnight ago I pointed it out to the House, but now we know. We borrowed £80,000,000, half in francs and half in dollars, and we have to pay it back in 12 months time in gold. That means not £80,000,000 sterling but far more. The dollar has come over today from New York at 4.20 dollars to the pound, or a drop of 60 cents in one day. That means already on the £80,000,000 credit alone, a loss of £10,000,000. I am not clear as to how much it means on the £50,000,000 which we borrowed previously. There you have an example of the expense of flying in the face of nature and pegging the pound at an artificial value. The Chancellor of the Exchequer can hold back some things on earth, but he cannot hold back the forces of nature.

I ask the House to observe what is happening. We are suffering not from an unbalanced Budget but from unbalanced trade. As our imports have gone up our exports have gone down. In normal circumstances such a difference between exports and imports would be met by invisible exports, or by paying the balance in gold from this country; and, if our imports went up and our exports went down, gold should have been exported from this country abroad. We peg the exchange to prevent that gold going abroad. But that does not interfere with the balance of trade. That still goes against us, and the position merely becomes worse. The fly-wheel, the regulator, is not working, and the result is that conditions go from bad to worse. In spite of the pegging, gold inevitably drains out at top prices.

The Chancellor of the Exchequer says it is not people in this country who have been selling owing to the pegging of the exchange. He says that the demand has come from abroad. I hope that is so. But those who wanted to get out of England, to get out of sterling, had the opportunity of getting out at top prices and at our expense. That is past history now, 1313 and it would be almost a shame to rake it up, considering the Chancellor's position, save for this—that in his speech to-day the right hon. Gentleman foreshadowed pegging the exchange again and throwing more of our money down the sink. For goodness sake, let us realise now that we had better allow nature to have its way and the pound to sink to its true level, whatever that level may be, without trying to interfere with it. We shall do that all the better if we realise that a fall in the value of the pound, ruinous as it is to those with fixed incomes, to those who are paid pensions or salaries, yet has this great value, that it booms the export trade of the country.

If we sell goods abroad now, we get a certain number of dollars which purchase a certain number of pounds over here. If we sell at the same price in future, we shall get the same amount of dollars which will purchase a larger amount of pounds and therefore the profits of the export trade will be higher if the prices are kept the same. If, on the other hand, the export trade drop their prices, they will be better able to compete with other countries in the neutral markets of the world. There will be more production here, and yet the export trade will be able to make some sort of profit on the deal. [HON. MEMBERS: "The pottery trade."] There is not very much raw material employed in the manufacture of crockery. The whole benefit will go to the pottery trade which will be able to supply better and cheaper goods to the rest of the world, or if prices were kept up it should be able to pay the overdraft at the bank which is strangling the trade at the present time. [HON. MEMBERS: "And higher wages?"] The workmen will be able to look after themselves. Let me assure my hon. Friends that the wages of the workers of this country are regulated by the cost of subsistence. They cannot go lower, and if prices go up wages will go up also. We know Karl Marx's iron law of wages. We know what regulates wages.

I do not say that it is not going to be a hard time for everybody, particularly for people with fixed incomes, but if we are going to have this automatic, this perfectly just cut on everybody, why should we also need an Economy Bill? That is making not two bites of 1314 the cherry, but two cuts at the chicken. We have now, unfortunately, got the worst of both worlds as far as cost-of-living and wages are concerned. But this is not the tragedy which it has been painted, not only by hon. and right hon. Gentlemen opposite but by the entire Press

of the country during the last fortnight. They tried to make it clear to us that the end of the world would come if we got off gold. We have been off gold before. I remember when we unpegged the exchange in 1919 and the pound dropped to 3.57 dollars—lower than it has gone yet. [HON. MEMBERS: "3.30 dollars."] Yes it fell to 3.30 I believe in 1919, and that is far below 4.20 and far below what we expect it to reach. The world did not come to an end then. On the other hand, our trade boomed. It only boomed for a short time of course.

That is the whole history of civilisation. Looked at in one way, it is a series of crises exactly like that through which we are passing. Trade expands; people borrow money on the strength of high prices, and with the high prices they extend their factories and their trading relations. Then prices fall; they have all their debts based upon the high prices that were and they cannot pay their debts. Crises of that kind occurred frequently in mediæval times and also, I dare say, in ancient Rome. In old days when you could not pay your debts you either went to gaol or else went out and slaughtered the Jews from whom you had borrowed the money. In any case, you got rid of your debt somehow or wrote it off, and I am not sure that the mediæval method was not in the long run, the more humane. These crises have taken place in English history before. Kings in the old days did what Chancellors of the Exchequer are called upon to do now. Kings "clipped" the coinage, and the value of the shilling or the florin, or the mark, as the case might be, went down. Under Henry VIII it dropped by over 50 per cent., and under good Queen Elizabeth it dropped to one-quarter.

Those were the days of inflation, if you like. Hon. Members should remember that the franc was originally the equal to the pound, but they deprecated their coinage more quickly 1315 in France, being perhaps more civilised, and to-day the franc is at 2d., and the pound is still anywhere about 18s. If you go to Portugal or Spain, you deal in the milreis, a thousand reals, and the old real, was the equal of the pound. Depreciation has been the constant state of every currency. The pound hitherto has depreciated less than any other, but the same crisis that has driven down the value of the currency in the past is driving it down to-day. Whenever the currency depreciates, there is an enormous amount of disturbance and painful sacrifice by the people of this country.

Currency depreciation is not a thing to enjoy or to smile at, but it has happened before, and for exactly the same reason, namely, that debts were too heavy. The rentier class before have objected to it, just as they do now, but in the interests of the recovery of trade and industry in this country, and in the interests of the City of London itself, it is desirable that we should be in a position to make a fresh start, as it were, with some portion, as small as may be possible, of the burden of debt written off in order that new men and new methods may again build up the trade of this country, the manufactures of this country, and the financial supremacy of London.

Let me tell the hon. Member for Chislehurst (Mr. Smithers), whom I see in his place opposite, that the worst service that has been done to the City of London and the finance of this country has been done by the hon. Member's friends in the City, through the Press, in the last fortnight. The nonsense that has been talked about depreciation has caused a great deal of the trouble from which we are suffering to-day. If you go on turning people who cannot

understand into cowards, they will behave like rats, and the best service the hon. Member can render to-day is to point out that coming off the Gold Standard, and the pound sterling at 4.20 dollars, does not mean the ruin of this country, but may very well be an unasked-for blessing to the trade, finance, and industry of this country.

Mr. SMITHERS If I may be allowed to intervene, as I have been referred to by the right hon. and gallant Member for Newcastle-under-Lyme (Colonel Wedgwood), I would at once dissociate myself from any attempts to promulgate or put into the Press any kind of words that might make the situation worse. The right hon. and gallant Gentleman overestimates the powers of the Stock Exchange. We are purely and simply intermediaries. We have hardly any control at all of prices. We are dependent entirely on outside forces and on people who wish to buy and sell, and I wish that were more realised, because it is quite untrue to say that we have any influence on the course of markets whatever. The Chancellor of the Exchequer, in his opening remarks, said that the present situation was to a great extent psychological, that there was a wave of uncalled-for panic going on in all markets of the world. I agree, and I would with respect point out to the right hon. and gallant Member opposite and the hon. Member for East Leicester (Mr. Wise), who spoke before him, that it is no good talking about the Romans and Henry VIII, or what they hope to accomplish next year or the year after. § 1316

I want with all the earnestness at my command to appeal to this House to-day to remember that the whole world is watching us. The last speaker referred to the inevitable chaos and the enormous amount of disturbance in any devaluation of the pound. For the moment our duty is to avoid undue disturbance. I say this as a backbencher to hon. Members, that the best gesture that this House can make to the world to-day is to pass this Measure without further discussion. The pound is devaluated, and I hope and believe that it will be stabilised somewhere round about this point, but if there is a further outbreak of panic, it will not be possible to say how far, during those few hours or few days of panic, it may go on; and a gesture from this House to-day, so that the whole world might see that we are facing our difficulties and our dangers as a united House of Commons, would have a greater effect than any hon. Member opposite can possibly appreciate. I know something about the nervousness of the exchange markets, and I appeal to hon. Members opposite not to rise any more in their places, but to let this Bill go through. [Laughter.] Hon. Members may laugh; they can come along next month or the month after, when the period of extreme disturbance has passed, and bring forward any theory they like, but to-day I ask them to let this Bill go through at once. 1317

Mr. MARLEY I want to ask the hon. Member for Chislehurst (Mr. Smithers) to make his appeal to another place, to his own Front Bench, because the only dividing line between this side of the House and that is the question of how the Chancellor of the Exchequer has proceeded to balance his Budget. My right hon. and gallant Friend the Member for Newcastle-under-Lyme (Colonel Wedgwood) said that the devaluation of the currency, which I said last week would not be a great evil in our present circumstances, is going definitely to hit the middle classes and the people with fixed incomes more than anyone else, and yet your Economy Bill—and here is where I want to make a special appeal—hits those people more §

than anyone else in the country. The unemployed man is also a fixed income drawer, so far as his insurance is concerned, and I simply want to make this appeal; If the hon. Member for Chislehurst really wants that united effort in front of the world to-day and from now on, then that Economy Bill must be taken out of this House, because the effect of the economies on teachers, civil servants, police, Navy, and every one else with fixed incomes, on top of the devaluation, means that you are lashing them twice with the same whip, because you are hitting them in so far as you have reduced their rebates for Income Tax, which is—

Mr. SPEAKER It ought to be obvious to the House that we cannot debate the Economy Bill on this Bill. Hon. Members may argue that the Economy Bill may have an effect upon this Bill, but they cannot argue that this Bill will have an effect on the Economy Bill. The time to argue the question of the Economy Bill is on the Committee stage of that Bill. §

Mr. MARLEY With all respect, I want to say that if the Government desire this Bill to go through without opposition or lengthy discussion, the question as to whether the Economy Bill will be proceeded with makes a very great difference to our point of view, but I will leave that point. The Bill which has been presented to-day permits the Government to §
indemnify the Bank of England for actions which they may have taken to-day or any action which they may take before the Bill becomes law in relation to not keeping its commitments under the 1925 Act. Is it necessary to restrict the movement of gold? Is it essential that there should be no heavy withdrawals of securities from this country to-day? We are told so, because this Bill asks that we shall indemnify the Bank of England in this regard, and I am afraid that there is no option, since the Government already, in the reply which was sent to the Bank of England and which was read by the Chancellor of the Exchequer, agreed to indemnify them in so far as they may have broken the Act. 1318

I come to the next Clause of the Bill, or the third Clause—I am not sure which it is—in which the Government ask for powers to do more than indemnify the Bank of England; they ask for powers to take any steps they may think necessary to keep the exchange regulated in the interests of this country. That is a very serious power to ask for without further explanation and further definition of what these powers may be. It may well be that, having got this Bill through, hon. Members opposite who were clamouring for an election less than a few days ago, may decide to adjourn this House and to carry on the Government by Order in Council and by the process of the second or third Clause of this Bill. I hope the Financial Secretary to the Treasury will give us some further definition as to what powers it is proposed to take and what are the steps that he, after consultation with the Chancellor of the Exchequer, thinks will be necessary arising out of this particular Clause of the Bill, because under this Bill it is possible, as I see it, for the House to be left entirely out of account by the Government in the next few months, and if the Government are going to be swayed by the advice of the Bank of England, as they have been swayed up to now, some of us would like to discuss the action of the Government when it takes action upon that advice.

Is there going to be any taking of absolute powers by the Government without consultation with this House? Is the House going to be left entirely out of any action that may be taken under this Bill, or is the Treasury to be given powers to act in the interests of the 1319

country as dictated by the Bank of England? What you have had to-day shows that if the Bank of England had known or paid any attention to its job, you would have had no Economy Bill. You have balanced your Budget on paper, but it remains unbalanced, and will remain unbalanced, as my right hon. and gallant Friend in front said, at the end of the financial year. If the Bank of England are to be allowed to advise the Treasury as to special powers to be taken under this Bill, we want to know what powers the Chancellor of the Exchequer seeks and what action may be taken under such a wide Clause as the one I have mentioned.

Sir OSWALD MOSLEY This Debate is not the time for making any reproaches or for §
scoring any debating points. A very heavy indictment could be drawn against both sides of the House, and only those who have consistently opposed the folly of this country's policy in relation to the Gold Standard have any right to make that indictment. But I am not here to make any such point or any such reproach this afternoon, but to strive to urge upon the Government even at this hour the adoption of some measures adequate to the present situation. I want to ask them definitely whether they are prepared at any given point to take drastic measures to maintain the pound. Have they in their minds any point at which they will maintain the pound? Have they, in fact, any plan, or are they going to permit the pound to tumble until it reaches they know not what equilibrium?

I believe that the present situation may end in complete disaster, or that it may end in a far stronger position for this country than we have known for long past. Whether this situation ends in disaster or whether it means that this country will emerge far stronger from this event, depends entirely upon the vigour and decision with which the Government act at this juncture. Therefore, I ask them, as a first question, if they have any point in view at which they mean to maintain the pound. Have they any conception of an exchange parity which will bring price levels here into some equilibrium with the rest of the world and which will justify them in making strenuous efforts to hold the pound at that point? There are several 1320
courses open to them to achieve that purpose. Other countries might be willing to make us loans to hold the pound at a proper level, although they would be unwilling to finance us in holding the pound at a level far above that which was justified by the equilibrium of our prices with the rest of the world.

Now at last they have reached the point at which it may be necessary to mobilise the vast resources of this country abroad. I believe that those investments could be mobilised by consent and by patriotic people being willing to place them at the disposal of the country. By this method and other methods it is open to the Government, if they make a strenuous effort to uphold the pound at any reasonable level, and by the organised buying of sterling abroad, to check panic and, in a word, to stop the rot. It is hopeless to go into a situation like this simply tumbling down the staircase without any idea where you are going to stop your fall. With a relatively slight devaluation of the pound I believe that it is possible with energetic measures to arrest the flight, and as far as industry goes, if the pound is reasonably devalued, we shall be in a far stronger position than we have been for a long time past.

Everybody who has given attention to these matters knows that the premature return to an artificial level of the exchange in our efforts to regain the Gold Standard led automatically to

a bounty on foreign imports and to a handicap on our own exports, and we have never really adjusted that disequilibrium. It is now in the course of being adjusted by the devaluation of the pound, and the first effect is to put a bounty on exports and an automatic barrier against imports. If this movement is kept under reasonable control, and if by vigour and decision the Government command and control the situation, British trade may benefit rather than be injured by the result of this transaction. If, however, they simply let the matter slide, if they have even now no idea or plan of action in their minds, we may fall into a disaster comparable with that which has overwhelmed some continental nations. The Government by the action which they take and the vigour which they show have the future position of this country closely in their hands at this very crucial moment. 1321

There is one other point which I wish to urge upon the Government. The most hopeful thing to me in the speech of the Chancellor of the Exchequer, and the first thing that he has said for many years past with which I find myself in agreement, was that the Government would address themselves to the question of the balance of trade and that he might himself feel disposed to accept measures normally repugant to him. That was the most encouraging sentence which I have heard for a long time past, and it will go far to mollify his hardest critics. After all, it has been proved in a tragically brief space of time that to restore the confidence of the world and of the foreign investor in this country it is necessary to deal with our trade position. Less than three weeks ago the view was expressed in this House that a mere balancing of the Budget was inadequate, and that it was not really the fact that we were adding £100,000,000 or £200,000,000 to a National Debt which was already some £9,000,000,000 which alarmed the foreign investor; it was his growing disbelief in the industrial recovery of this country. His disbelief in the industrial recovery of this country arose largely from factors and conditions which were created by the long maintenance of our exchange at an artificially high level.

It has, at any rate, been proved that the mere balancing of the Budget is insufficient to reassure the foreign investor and depositor. Since that effort was made, foreign withdrawals have proceeded at a far greater pace than ever before. Therefore, I urge upon the Government that they should immediately adopt some plan of action to redress the trade balance of this country. Of course, some check and control upon the imports is necessary to that end. Some slight barrier has been placed on imports by the depreciation in the exchange, but unless the exchange depreciates further and far more rapidly, a barrier has to be placed against them. The adverse trade balance has to be redressed, otherwise we shall stagger from collapse to collapse; we shall go downhill in a series of humps. No country can maintain its exchange, whether it balances its Budget on paper or not, if its trade balance is persistently adverse. The country finds itself faced with the necessity of redressing that balance in trade, and the most hopeful thing I have heard for a long time is the Chancellor's statement that he was willing to consider measures that were formerly repugnant to him. 1322

I believe that we need not face the situation with any alarm or with panic, provided that the position is gripped with decision by the Government. Many of the handicaps from which this country has been suffering have been automatically redressed to some extent by the events

of the last few days. We have in the last decade, as the result of the policy the final failure of which we have witnessed this afternoon, something like doubled the burden of our War Debt and every rentier and fixed-interest-bearing charge upon industry and upon the nation's productive effort. We have thrown this country into two of the greatest industrial struggles in history by our monetary changes, and we have led the nation from disaster to disaster in pursuit of a false illusion, and not one man in a hundred had the slightest idea of where it would lead him. Now at last that policy this afternoon—by force of circumstances, not by human wisdom—has been abandoned, and at last some of those great handicaps and burdens that we have placed upon ourselves, which no other nation in the world has had to carry, has been lifted automatically from our shoulders. That gives us a supreme opportunity to initiate a policy of action in order to lift some of the burdens that have been placed upon industry.

If this situation is allowed to drift, we shall fall into hopeless, irretrievable disaster. If, on the other hand, it is gripped and seen as an opportunity which may be taken, I believe that this nation may emerge from the troubles of this moment in a stronger position than it has known for many years past. Therefore, for my part, and without making reproaches for the past, because I really believe that both sides of the House are equally to blame, I urge upon the Government the adoption of a policy of action and decision. Let them announce definitely at what point they will hold the pound. Let them mobilise every resource of the nation to hold the pound by a proper equilibrium which will bring our prices in relation to the rest of the world; let them, at the same time, adopt a constructive industrial policy to redress the balance of trade by the control of imports, and at long last initiate a policy of decision and action which the whole country wants. 1323

Mr. O'CONNOR There is only a small portion of the remarks which the hon. Baronet has just addressed to the House with which I venture to quarrel. He seemed to disparage the value of proceeding with the balancing of the national Budget, and to suggest that such efforts were without any effect upon the confidence which the rest of the world showed in us. I suggest, however, that the need for balancing the national Budget, imperative as it was a week or so ago, is even more imperative to-day, because to-day we have a currency not anchored to any material resources, to gold which has been the standard of measure, but anchored to something entirely different, to the spirit of self-sacrifice, self-reliance and independence of this people. Therefore, it is sterling which at the present moment has to be kept going, whereas yesterday it was the Gold Standard, and we ought to fix our eyes above all things upon the maintenance of sterling now that we have abandoned the Gold Standard. In the maintenance of sterling, we must face all those domestic sacrifices which were necessary only yesterday in connection with the maintenance of the Gold Standard. §

6.0 p.m.

I agree with the hon. Baronet that the situation in which we find ourselves has a bright side to it as well as a dark one. In the first place, used rightly it may very well restore to us the initiative in currency and financial matters which we have been in danger of losing as long as we were attached to a perfectly illusory Gold Standard. I can see this country now sharing

the point of view, the responsibilities and the difficulties of the debtor countries of the world. Herself a creditor country, she stands in a strong position to put herself at the head of the debtor countries, and to secure that rationalisation of the method of the use of international currency which, but a few days ago, being on the Gold Standard, she was unable to attempt. Used aright, and dependent, of course, upon stringent internal domestic finance, it gives our ex- port trade the possibility of an electrical recovery. Nothing was more significant 1324 this morning, in looking through the news of the markets than to see the immediate rise in the values of certain commodities, and I think there is no doubt that, rightly used, this emergency, this temporary difficulty in which we find ourselves, can be turned to the most enormous stimulus of our export trade; but there are many difficulties which we shall find confronting us in the course of the, next week or so. Do not let us imagine that we shall be free from the stigma of dumping. It will be said by other countries that we may be attempting to deal with our export situation by the dumping method which we have so much criticised when it has been practised by other countries.

I only utter that word of warning lest the rosy pictures which appear from the industrialists' side, lest the view that this is to be all to the advantage of the export trade of the country, should be too much emphasised. Many difficulties lie ahead. We have embarked upon, or we have been pushed into, a most perilous and difficult endeavour. It is, to a large extent, the price we are paying for our democratic method. There is not the smallest doubt that if this country had been able to find expression swiftly for the will of the people this situation would not have come about at all. We are paying the price for the runaway tactics of the Opposition, for the lack of leadership which has been shown by the Leader of the Opposition, for the divisions which have occurred and for the inability of the Leaders of the Opposition to control their more irresponsible elements and, therefore, to engender the kind of confidence which is essential. [Interruption.]

I do not think that even now hon. Members on the other side of the House realise with what close attention not only their sayings, but their demeanour are scrutinised in other countries. I had the opportunity of speaking to a distinguished French Senator a few months ago, when this crisis was on its way. He had occupied a seat in the Distinguished Strangers' Gallery in this House, and he said to me afterwards, "In France they cannot realise the type of material that you have got on those benches. It is impossible for any Frenchman who has not been, as I have been, in that Gallery to see the real difficulties with which any attempt at 1325 government is faced in this country." Do not let us forget that to-day that disposition is accentuated and intensified a hundredfold. To-day the action and the methods of His Majesty's Opposition—save the mark!—are under a fierce scrutiny. It is the disposition and temper of hon. Gentlemen to which other countries are looking when they have to determine the new issue, which is whether sterling, now based upon the confidence that other nations can show in our people, is to stand, now that the pound is no longer anchored to the Gold standard.

It has been said that at this moment we ought not to go back to the old avenues of mutual reproach. I agree, to a certain extent, with that view, but, on the other hand, it is essential, in my opinion, if we are to prevent that tumbling devaluation which has been spoken of, that

a great deal more restraint, responsibility, leadership and wise counsel, should be observed by those who pose as prepared to constitute the alternative Government in this country. Unless a more sober and scrutinising view of the facts of the situation replaces the gibes and jeers, the unreadiness to face realities, the kind of imitation of Whipsnade we have been witnessing here over the last two or three weeks on every occasion when the crisis has been mentioned, unless we can get rid of that temper and spirit, then this Parliament will have to evolve a different means of dealing with the situation. Let no one mistake it. It is a choice between the regular democratic method that we now possess and a different method. Let nobody mistake this Bill. This is not a democratic Bill. No democratic Bill could cope with a situation of this kind. Only by suspending the democratic method, by leaving a mere husk of representative government, can we save democracy from disaster, and it lies with hon. Gentlemen opposite to prove by their actions and their behaviour in the next few critical days whether they want more of the method they are getting in this Bill, or whether they are going to make possible the free working of our representative methods.

Mr. MATHERS After the interesting lecture on deportment we have had from the hon. and learned Member for Central Nottingham (Mr. O'Connor) I hope I may be pardoned for getting back to the Bill. I wish to be very specific in the questions I put to the hon. and gallant Member who, I understand, will reply to this discussion. I wish to direct his attention to Sub-section (3) of Clause 1 of the Bill, and to ask him particularly what the word "otherwise" means. Perhaps the House will understand my point better if I read a portion of the Subsection. § 1326

Mr. STEPHEN On a point of Order. I understand that leave has not yet been given to bring in this Bill. I am wondering whether the Bill has been circulated, although leave has not yet been given to bring it in. Is that in order? §

Mr. SPEAKER I understand that a print of the Bill is available in the Vote Office. It may be a question whether it is better to take the discussion at this stage on the Motion for leave to bring in the Bill or whether we should take it on the Second Reading, but it should be clearly understood that we cannot have the same discussion on both stages. If hon. Members like to have the discussion at this stage, well and good. §

Mr. STEPHEN When the Chancellor of the Exchequer was moving for leave to introduce the Bill I asked about the procedure, in order to protect our rights. On the Ruling that was then given I hope we are to have an opportunity to deal with the Bill at each stage of its progress. Whether leave should be given to bring in the Bill is a particular question. If leave is given to introduce the Bill then the contents of the Bill come before us, and what is proposed in the Bill becomes the question. If we are to have some hon. Members discussing the Bill now, although it was stated that we could not have copies of the Bill until leave had been given to introduce it, the position appears to me to be impossible. §

Mr. SPEAKER What I said when the hon. Member asked me a question earlier was that hon. Members would have a chance of speaking on and dividing against each stage of the Bill; but the hon. Member will agree with me that it would be an abuse of procedure to have §

the same discussion twice over. He can discuss it now or on Second Reading.

Mr. STEPHEN That is why I put my Point of Order. One could not expect to have the same discussion all over again, and that is why I am anxious to protect our rights now. Evidently the Second Reading discussion and the discussion on the question of leave to bring in the Bill are being mixed up. § 1327

Mr. SPEAKER If that be the case, we had better decide the question of giving leave to bring in the Bill now. §

Mr. ANEURIN BEVAN Many of us are anxious to take part in this Debate, and are anxious that the full privileges of the House should be preserved. Someone might move the Closure and have the question put to the vote merely because we are discussing the question of giving leave to bring in the Bill, and then it might subsequently be ruled that as we have had this discussion the next stage must be curtailed, and so there would be no opportunity for adequate discussion. If we agree that a full and adequate discussion is to take place on the Motion for leave to bring in the Bill it ought not to be curtailed by a premature moving of the Closure. §

Mr. SPEAKER I hope the hon. Member does not doubt that I shall do my best to protect the interests of all hon. Members. §

Mr. EDE May I ask whether the same points can be discussed on the Second Reading as on the First? I understand that as the first stage we are asked to give leave to bring in the Bill, and that on that question we may argue that the Bill is inadequate, that it does not cover the whole situation, and points like that. When we get to the Second Reading we shall be discussing the general principles of the Measure and the things contained in it. The two stages of the Bill raise different issues. As far as I have observed the discussion up to the moment, it seems to have been mainly confined to the question of whether the Measure is adequate, and, therefore, whether leave should be given to bring it in. §

Mr. SPEAKER It may be difficult to distinguish between the two discussions. If hon. Members have any doubt about the matter, it would be best to give leave now to introduce the Bill and discuss it further on Second Reading. §

Mr. MATHERS I would point out that, apart altogether from the text of the Bill, which the Chancellor said could be obtained at the Vote Office immediately he sat down, and of which I have a copy in my hand, the words to which I am referring were actually used by the Chancellor in his introductory speech. Therefore, I think I may claim to be quite in order in raising this point. I referred to the word "otherwise," and to the words used in the context by the Chancellor of the Exchequer. § 1328

Lord HUGH CECIL On a point of Order. Is it in order to discuss the actual text of a Bill which is not yet introduced? It is perfectly in order to discuss the principle of the Bill and the policy of the Bill, or anything of that sort, but to debate the text of a Bill that is not yet introduced is, I submit, entirely out of order. Apart from that, the whole discussion on so §

simple a Bill through all the stages—its introduction, Second Reading and Third Reading—would be very much the same.

The FINANCIAL SECRETARY to the TREASURY (Major Elliot) In pursuance of his arguments, the Chancellor of the Exchequer described in great detail this point, and I think it would be quite in order to refer to my right hon. Friend's description of the Bill and the extensive quotations which he gave. §

Mr. SPEAKER The Chancellor of the Exchequer referred in his speech to words in the Bill, and hon. Members are in order in dealing with what he said. §

Mr. MATHERS I am using the words which have already been used by the Chancellor of the Exchequer. Sub-section (3) of Clause 1 of the Measure we are discussing provides: "(3) It shall be lawful for the Treasury to make, and from time to time vary, orders authorising the taking of such measures in relation to the exchanges and otherwise as they may consider expedient for meeting difficulties arising in connection with the suspension of the Gold Standard." My point is the simple one of what will be the extent of the powers of the Treasury and in what relation will those powers be used under the description of "otherwise" than in relation to the Exchanges. §

We have been told very earnestly during the last few weeks that any suspension of the Gold Standard would mean that the position of people with fixed incomes in this country would be placed in serious jeopardy. The Government have placed before the House a Measure to limit the income of those whose incomes they control in the public service. I wish to know if it will be competent for the Government under Sub-section (3) of Clause 1 to amend the position and make further provision for those who are subject to the cuts as represented in the Economy Bill. I need not refer to those points in detail; they deal with the unemployed, the police, soldiers, sailors and teachers. Seeing it is represented to us that five points drop in the civil servants' pay was looked upon as equivalent to the cuts being made in other sections of the State service will that be available for adjustment under the terms of this Clause? If the suggestion is simply to work on the present arrangement of cost-of-living basis with regard to civil servants' bonus, namely a review each six months, I believe the position will be nothing like adequate to meet the immediate rising need of those who will be affected by a rise in the cost-of-living caused by the departure from the Gold Standard. I want to know whether the general economies proposed by the Government can be dealt with under this Clause, and whether the economy which is looked upon as equivalent in respect of the Civil Service but not included in the Economy Bill can also be adjusted. Perhaps the hon. and gallant Member will say if the cost-of-living ascertainment will be speeded up and given effect to as under the present arrangement but at more frequent intervals. 1329

Mr. BOOTHBY I have intervened in this Debate very largely as a result of the interesting speech which has been made by the hon. Member for Smethwick (Sir O. Mosley). I can at least claim that for about seven years past. I have expressed my doubts as to our ability to remain on the Gold Standard at the prewar parity of exchange. On looking up the Debate which took place when we returned to the Gold Standard in 1925, I found that the present §

Lord Strickland and myself were the only two Members of the House who on that occasion went so far as to express doubts as to the wisdom of our action. As hon. Members opposite know, the return to the Gold Standard is the policy which this country has pursued as a result of the recommendations of the Cunliffe Committee in 1919, and that is the 1330 policy which this country, with the approval of every Chancellor of the Exchequer and every Government, has adopted since the War. The part which interested me most in the speech of the hon. Member for Smethwick was that in which he said that it may well be that in this country we are to-night in a stronger position, fundamentally, than at any time since the War. I believe that may well turn out to be the case.

The Chancellor of the Exchequer referred in his speech to the calamitous lack of confidence and the breakdown of the credit system all over the world. We cannot altogether acquit the late Government of responsibility for that lack of confidence, for they did a great deal towards that end. But I do not dispute that there are other factors, all of which, in combination, have been tending, with irresistible force, to produce the situation in which we now find ourselves. We can go back to reparations for one of the causes; and international debts as another; and the great reluctance among creditor countries to take their payments either in goods or services; and their refusal latterly to re-lend abroad; with the resulting accumulation of gold in New York and Paris. This point was referred to by the Chancellor of the Exchequer. All these factors have led to a continued fall in world commodity prices, and history goes to show that it is impossible to have a prosperous manufacturing industry or a prosperous agriculture in those circumstances.

During the last century, whenever there has been a serious fall in prices, it has been accompanied by agricultural depression, and it is the fall of world commodity prices that has been at the root of our troubles during the last two years. The position was not improved by our going back to the Gold Standard at the pre-war parity; and we have not been able to make the necessary adjustments in costs so as to establish equilibrium between the internal and the external price level, without which we can never hope to get back our export trade. At least we can say that it will not now be necessary to make anything like the wage reductions which would undoubtedly have been necessary if we had remained on the Gold Standard at the pre-War parity of exchange. [Interrup- tion.] I know that the hon. 1331 Member for Burslem (Mr. MacLaren) thinks that land taxation will solve the whole problem, but in my view if we had gone on trying to maintain the Gold Standard at its pre-war parity, it would have been impossible to attain the necessary equilibrium.

What are the immediate necessities of the present situation? There need be no question of panic. I should like to point out that the situation in this country is fundamentally different from that in Germany.

Mr. SPEAKER I do not think that that subject is relevant at the present time. §

Mr. BOOTHBY This Bill has been introduced to suspend the operation of the Gold § Standard, and in the newspapers all over the world it has been stated that if such a step were taken it might mean a catastrophic fall in the value of the pound. I am trying, Mr. Speaker, to

point out that I do not believe that there is any necessity to fear such a fall, and that our position is fundamentally different from the position of Germany in 1922. Our whole position is different. We have only to make quite sure that our position is secure. The Chancellor of the Exchequer pointed out that it was essential that the Budget should be balanced, and that is being done. The other essential is to restore the balance of trade. I agree with the hon. Member for Smethwick that the most interesting part of the speech of the Chancellor of the Exchequer was that in which he said that he might be prepared to consider methods to achieve that which have hitherto been repugnant to him. We must control imports into this country in some way or another. To some extent imports will be restricted by what we are now doing. Any devaluation of the pound sterling is bound to restrict imports into this country, and provide a certain stimulus for our export trade.

I also believe the step which is being taken in this Bill will do more to bring France and America into a reasonable frame of mind than anything else which we could possibly do. I think the Chancellor of the Exchequer was right when he said that the greatest hope for the economic future of the world lay in the successful outcome of an international conference between the great economic nations of the world, as a means of achieving a stable currency. If the Government go forward with determination and summon an international conference to be followed by international action and co-operation between the central banks in order to secure a stabilised currency and stable prices, it may well be found that to-day is the starting point for one of the most encouraging movements in the world. As long as other nations thought that we were bound to maintain the Gold Standard at all cost, they were naturally reluctant to take steps to co-operate with us. Taking a long view, I think there is more ground for optimism than for anything else. I believe that the events of the last week end, if proper action is now taken by the Government, may well prove to have been a blessing in disguise, and this country has a better chance today, if only it will grasp it, than we have had since the War ended in 1918. 1332

Mr. A. BEVAN It is usually very difficult for a back bencher to speak in this House with any confidence at all, even on ordinary occasions, but it is much more difficult for one to speak with confidence this evening, because this Debate up to now has been conducted to a very large extent in such hushed accents that it is frightfully difficult for me to throw off the inferiority complex which that atmosphere has created. It is almost as difficult for me to discuss the Gold Standard this evening, in the atmosphere which the Chancellor of the Exchequer and many other Members have created, and particularly in view of the presence of the revered figure of the right hon. Gentleman the Member for St. Ives (Mr. Runciman), as it is to make a bad joke in a cathedral. Whenever some good demagogue wants to "put something across" in this House, he always makes it as sacrosanct as possible; he always makes it as grave and as difficult as possible. The Chancellor of the Exchequer this afternoon has been the principal bearer in the obsequies of the Gold Standard, and the funeral chant has been rising very slowly and quietly from the benches opposite. There have been, of course, a few notes of almost indecent merriment coming from the hon. Member who has just sat down, but, as a general rule, in the course of this Debate, the Gold Standard has been interred solemnly and with all that appearance of regard and stateliness which is 1333

designed to try to close our mouths and drug our brains.

I cannot claim to have any knowledge of the movements of the exchanges, or, indeed, any clear understanding of the Gold Standard. The only thing that consoles me in that regard is that my ignorance is shared by almost every other Member of the House of Commons. That piece of Parliamentary cynicism is reinforced by the presence of the right hon. Gentleman the Member for St. Ives. I listened to him the other evening with considerable respect, as the House always does, because he is able to give to the most trivial statement an impressiveness which always fills me with admiration. The right hon. Gentleman warned us of the dire consequences which would follow to this country if ever we went off the Gold Standard; he portrayed in harrowing terms the condition of affairs in Germany when Germany went off the Gold Standard; and now the right hon. Gentleman is sitting opposite me smiling cynically, and the country is trembling on the edge of just that catastrophe which he portrayed the other night in such harrowing accents. [Interruption.] We are not yet over, because the hon. Member who has just addressed the House in such courteous terms informed us that the important thing, if we went off the Gold Standard, was that we must still defend sterling, though what that may mean I do not know. It would seem that, however much we retreat, we still have more to defend than ever at the end of the retreat.

We are now in the position, not of having gone off the Gold Standard, but of being in process of going off it, and I cannot respond to the appeals which have been made from the Treasury Box and elsewhere on the other side of the House that I should treat this subject with the reverence or the regard which the House expects from Opposition Members. I may not be able to understand the ramifications of the Gold Standard and the movements of the exchanges, but I can understand that the House is engaged at the moment in meeting one of the most momentous requests that could ever be made. Private enterprise and capitalism have clung tenaciously to the Gold Standard. It was the only thing that they could trust. They could not trust each other, and they must have some objective, some dispassionate standard by which to measure their property. They could not trust each other's valuation of their property, so they had to trust something the movements of which were entirely outside their own control. We are this evening engaged, not in a society which could trust its statesmen to handle wide and arbitrary powers, because the effect of the exercise of those powers would be uniform and equal throughout all the members of society; but we are being asked to trust the Government with these wide and arbitrary powers still in a capitalist society. 1334

The Gold Standard is going to be abandoned. This thing, which we have trusted to measure the value of our labours and of the services we perform one for another, is to be abandoned, and the value of the property held by citizens in this country is now going to be determined by the fiat of the Chancellor of the Exchequer in subjugation to the Bank of England. We are now being asked to do that, and, having regard to the kind of society in which these powers are going to be exercised, I am compelled to ask myself in what way these powers are likely to be used. Are they likely to be used for the benefit, of those whom I represent in this House, or are they likely to be used for the benefit of those represented by hon. Gentlemen on the opposite benches. It is nonsense for Members on the opposite side of the House to

pretend on this issue that there is any common national interest. We are engaged at the present time in this House in passing an Act, or giving permission to introduce a Bill, which is intended to stabilise private enterprise in this country, to give it a breathing space; and my class, and the people whom I represent in this House, will subsequently be asked to pay the whole price.

I want to ask one or two questions. The first thing that emerges from this Debate and from the speech of the Chancellor of the Exchequer is that in this matter the Opposition is more powerful as an Opposition than it was as the Government. The Chancellor of the Exchequer has now admitted that this is not a National Government at all. The world does not believe in it; it does not take it on trust; it thinks that it is unrepresentative of the British 1335 electorate. It is considered that at all costs an election must be postponed, because this Government would be kicked out. At any cost this unrepresentative Government must be kept in power, in order to keep together the miserable shreds of capitalist credit in Great Britain. And the Opposition on this side of the House, although it is an Opposition, still has the ability to blow such a blast through those shreds that the world could see the bare bones beneath. We have learned, firstly, that it is not a National Government, and, next, that this side of the House, as an Opposition, has considerable power with respect to this matter; and we are being urged by the Chancellor of the Exchequer and by many speakers on the opposite side of the House to use our power lightly, to use it discreetly and with muted accents, in order that this funeral might be conducted without people noticing it too much, so that England will still be able to keep up the pretence of being on the Gold Standard, and the rest of the world will be able to say, "Yes, the National Government has an Opposition, but it is a little one"—that, after all, all this that is being done at the present time is generally agreed to by the Opposition, and that they merely had to make the pretence in the House of Commons of representing their constituents.

The next thing that we have learned in the debate this evening is that the preservation of democracy is inconsistent with the maintenance of private finance. That is a very interesting admission, and it is an admission which I hope will be noted, not only in this House, but in the country as a whole. The Chancellor of the Exchequer in the course of his speech, if I recall his words correctly, told us that, as a consequence of the refusal of His Majesty's Opposition to participate in a National Government, and as a consequence of speeches made by Front Bench Opposition Leaders and by other speakers in this House—and indeed, as one hon. Member told us, as a consequence, not only of their speeches, but of their uncouth deportment—[Interruption.]—so fragile has the capitalist system become that even frowns on this side of the House make it tremble. We are told that the Opposition, because of 1336 those speeches, has in fact led to an acceleration of the flight from the pound, and that, as a consequence of all this—as a consequence of our unpatriotic behaviour and of our adherence to purely class politics—the flight from the pound has been accelerated. Consequently, we are asked, and this is the essence of the bargain, to give this Bill an easy passage through the House, in order that the citadel of capitalism may be patched up again eventually, in order that it may be kept together; and for giving that away we get very little return.

I would like to impress upon my own Front Bench, as well as upon the Front Bench opposite,

that this is an occasion when we have them by the throat. They want great powers from this House. Without those powers they will not be able to conserve themselves at all. It appears to me that the Opposition is in a situation of great strategic importance, and that, if we are going to win concessions from private enterprise, now is the time to win them, when they want these powers. I gather, however, from the Leader of the Opposition, that our difference is confined to something like £4,500,000; but that is simply tin-tack politics. If the Opposition, if the working-class as represented on this side of the House by the Labour party, is to sit quietly while our masters get their house in order again, we want to know what we are going to obtain for that concession. I have spent some years as a miners' agent and as a miners' leader, and have been accustomed to making compromises, and I want to ask hon. and right hon. Gentlemen on the other side of the House, if this thing is toppling clown about their ears, what price are they prepared to pay to keep it up? Even that point has not been urged from our Front Bench. I can imagine the Labour party uttering its criticisms of private enterprise for the purpose of pushing it over. I can imagine the Opposition using the Parliamentary powers it has to win concessions from private enterprise. But I cannot understand this comparatively mild acquiescence in this proposal. If the Chancellor of the Exchequer wants this shoring up of the citadel, he can get it at a certain price. I am 1337 not being deluded into believing that any of the proposals mentioned this evening are going to save it.

For at least three or four years we have been asked to accept a growing crisis without decisive action because we were promised that this trade depression, caused by deflation, would be solved by an international conference. We were told that such was the capacity for cooperation that had developed between world financiers that it was possible to get America, France and Great Britain together to help to liquify the frozen £1,500,000,000 worth of gold in Paris and New York, and bring about a rise in world prices, and that a new dose of oxygen would be given to private enterprise. We are now told by the Chancellor of the Exchequer that France and America have rubbed the lion's nose in the dust and they are not prepared to come to the conference. So that hope has gone. The suggestion has been made from a Member on these benches that, after all, it might be a good thing if Great Britain, as the one creditor country that is interested in this matter, should call all other countries together and try to get some new form of currency, some new medium of exchange, some very vaguely outlined means of exchanging their products one with another in some other way than the Gold Standard. No one has explained to me what they meant by it. Is it suggested for a moment that with France, one of the villains of the piece, in the middle of Europe, with Yugoslavia, Rumania, Austria and Poland in their power, any conference embracing those countries would be able to arrive at a conclusion agreeable to France and to Great Britain together? If France will not meet with America and agree upon some new method of regulating world commerce, is it suggested for a moment that we can wrest France's allies from her and that we shall be able to go to these satellites of France and get them to agree to a policy agreed between France and ourselves? The one proposal is as fantastic as the other.

The suggestion has been made that, after all, we have balanced our Budget, we are only

doing this for the purpose of the foreign exchanges, there will be no precipitate fall in the value of the pound, there will be no sudden rise in internal prices, and the House can safely give the powers now being asked of it. I should like to ask those who have been welcoming the Bill how they are going to get the ordinary advantages that are attributed to inflation? If it is true that the Bill will usher in an era of prosperity, how is it going to do it? It will only assist private enterprise if it really lessens the burden of fixed interest on the industries of the country and wages and fixed money incomes of all kinds. If the Bill has that effect, there is bound to be a substantial rise in prices. You cannot have it both ways. If the Bill gives private enterprise a new life by lightening its burdens, it can lighten those burdens only by adding to the burdens of the working class. 1338

Therefore, I want to know, if we give these considerable powers to the Chancellor of the Exchequer and the Bank of England—a more or less disharmonious co-operation—are we going first to get the withdrawal of the Economy Bill? Are we to have guarantees that the cost of living will not be increased to the working class or, if they seek to get out of their difficulties by lessening the burdens on finance, cannot we have assurances that the unemployed, the old age pensioners, and the working classes, are to have their money incomes raised? You cannot have a recovery of commerce and trade if the real purchasing power of your people is brought down. You cannot have it both ways. The same charge will be levelled against your Measure as has been levelled with very great effect against the economy proposals themselves. [Interruption.] I did not suppose that I should make my remarks agreeable to hon. Members opposite and I shall not attempt to do so. The House of Commons has no right to give these wide, arbitrary, dictatorial powers to persons who will exercise no democratic control if, accompanying those powers, it does not make conditions which preserve the standard of life of the population. If it is true that, in demanding these things for our own people, we are laying down conditions which are inconsistent with the maintenance of the financial structure of the country, if the maintenance of private enterprise, of unfettered finance, of property, is inconsistent with the maintenance of democratic powers in the House of Commons, it is you who have said it and not we. 1339

Miss LEE In his concluding sentences the Chancellor of the Exchequer made what was to me a most extraordinary appeal. He asked that all Members on all sides of the House should be united in face of the present financial embarrassment. I have never been one who has imputed dishonourable or in any way unworthy personal motives to the right hon. Gentleman in any of the steps he has taken, but I find myself completely unable to understand how he can expect Members whose whole political and economic philosophy is based on a desire to get rid of the present capitalist system to build in its place a Socialist system, to respond to his appeal that at this moment, when the capitalist system is in the greatest danger, we should lend our support to its continuance. If I understand the philosophy of the Chancellor of the Exchequer, it is that in theory he still retains his Socialist beliefs but that he does not believe the present time is suitable or opportune for pressing forward the practical application of those beliefs, and that he believes that for some time we should all co-operate in stabilising the financial position of the country and in setting right some of our outstanding industrial troubles, and then, after having introduced some measure of stability into the

capitalist system, it is his, belief that we can go on to press forward our Socialist demands.

I am stating that point of view as the fairest and the most logical one that I can possibly make out in order to try to connect the Chancellor's life-long professions and life-long services with those which he is now pursuing. Can he expect that, although workers of every kind have been called upon to bear additional sacrifices, they can then respond enthusiastically to a call to maintain, to support and to carry on a system that is treating them in that way? I have listened in these past days not only to the stupid traditional Tory proposals that all one needs is to cut costs by reducing wages, that thereby you get the advantage of trade over your competitors and everything is going to come right. I have listened to another type of speech. I have listened to intelligent, more imaginative and more enlightened Conservatives putting forward their proposals. I have never been one of 1340 those who thought the present situation was one of bluff. It is not. Those who want the present system to continue are even prepared to make ample sacrifices. They are prepared to try new methods and new ideas. When I compare the speeches of the traditional Tory, when I compare the economy proposals, which have already proved so futile to do the very thing the Chancellor says they will do, with those that the right hon. Gentleman the Member for Epping (Mr. Churchill) put forward the other day, with those that the hon. Member for East Aberdeen (Mr. Boothby) so glibly put forward a little while ago, it amounts to this: Old-fashioned Conservatism says, "Break down wages, break down social services, and reduce all your overhead charges. In that way we shall be able to carry on." The more sensitive type of Conservatism, more responsive to public opinion and more alive to the real danger they are in at present, says, "No. That is a stupid way of trying to maintain the system, because the working-class people will rebel." That view has been proved correct, even in the Navy. They will cause so much social trouble and obstruction that the benefits will be partly cancelled out.

7.0 p.m.

The more suave, more persuasive Conservative has been talking a great deal about devaluating the pound. The right hon. Member for Epping was talking about calling a conference of the gold-producing countries of the world, and saying that we can devalue the pound. That point of view has been put forward this after, noon, not only from those benches but from these. We heard it from the hon. Baronet the Member for Smethwick (Sir O. Mosley). Why on earth he should use the benches of the Opposition I cannot for the life of me see, unless he has not yet had an opportunity on good enough terms to cross the Floor. This second point of view differs not in the thing it hopes to achieve, but merely in its methods. It says that inflation and high costs will avoid some of the unpleasantness of direct money cuts in wages. Exactly the same end can be obtained in passing on still greater burdens to working-class people and in restricting still further their share of the national income. I fully 1341 appreciate the difficulties of Capitalism at the present time, so much so that I cannot help thinking that my right hon. Friend the Prime Minister was merely addressing rhetorical questions to hon. Members opposite when he was asking them what concessions they were going to make. He knows, because he said so in his speeches, and I know, that Capitalism at the present time cannot made concessions to the workers of this country. Capitalism can only

carry on by further and still further reducing even the minor concessions that the workers possess.

I want to ask the Chancellor of the Exchequer as to where he thinks he is leading the workers, and what benefits, either now or hereafter, does he think they would gain, if they give him their support in the policy which he is now pursuing? He said that the economies we are making might save further difficulties, but the Chancellor knew, as well as any lion. Member, even when he was making those proposals, that the balance of trade and all the problems connected therewith, had not even begun to be dealt with, and that the investor abroad was not merely looking at the Budget facade but at the trade conditions behind that facade. The investor saw nothing in the Budget to extend the export trade but a considerable amount to restrict the home market and internal trade; therefore it was perfectly sensible and natural that the effect of that policy should be to bring about the second and graver crisis with which we are now faced.

If I understand the point of view of hon. Members opposite, and if I admit the difficulties with which they are faced, I hope they will try to understand our point of view. There has been a considerable amount of changing of places within recent times in this House, but there will be still more changing of places before the real protagonists stand face to face. The real division in this House, and the only division that counts, is between those hon. Members who, no matter how they clothe their proposals and in what way they bring them forward, are prepared to do anything in order to maintain the present system, and those who, on the other hand, think that the present system has long ago served its usefulness and that our object should be not to try to give good advice to the capitalists how to run their 1342 affairs. Capitalists have their experts, and do not need speeches from us telling them about devaluation and methods of balancing their trade. They know that. It is their job, and it is life and death for them that they should know their job. They have enlightened, intelligent and imaginative people among them, who have pointed out all these difficulties.

Judging the situation not only from speeches that I have heard from the Government benches, but from the speeches of people like Professor Maynard Keynes, whom we always quote with great respect, and I think quite rightly, as one of the most learned, acceptable and distinguished exponents among those who wish the present system to go on, I more and more incline to the conclusion that I am watching a lot of tame economists hurrying and scurrying hither and thither, ready to take any way out of their difficulties. There is no way out of their difficulties. If they choose, they can abandon their stupid traditional conservatism, or they can try all the dodges of which the right hon. Gentleman the Member for Epping was talking, namely, doing away with Reparations and War Debts and devaluating the pound. They can get inflation and pass the burden on in another way, and they may even deal with the problem to a certain extent of agricultural prices.

There is one thing with which hon. Members cannot deal, without destroying the order for which they stand, and that is the fundamental problem of the poverty of the people. You cannot have ample markets and bankrupt homes at the same time—or, at least, if there are to be ample markets, they may be acquired as markets but there will be precious little

passing across the counter. Every one of the steps now being proposed will still further increase the gap between consumption and production. I have no inclination merely to ask the Chancellor whether he is going to bring in a nice little anti-profiteering Bill to prevent retail prices rising because there is a gap between the wholesale and retail prices. That kind of thing seems to me absolutely trifling and irrelevant, compared with the broad issues which this country and the world are facing. I do not know how much support I may have. I believe I have considerable support among hon. Members on these benches, but I know I 1343 have tremendous support among the people of the country.

Our reply as an Opposition to the economy proposals of the Chancellor the other day, to the Bill which he is now bringing in, and to measures of all types that are being suggested in order to save Capitalism, is that it cannot be done, and that it will not be done. Everything that we have been taught by the Chancellor of the Exchequer and others about the development of the capitalist system has been that inevitably we would reach the present stage of finance capitalism. It strikes me as a most amazing thing. I have been taught that all my life, and have found no economist, however distinguished, that could avoid the conclusion that, as Capitalism develops, the problem for the working-class was going to be worse and worse, that rationalisation and increased production were merely going to bring additional unemployment and hardship, that the class struggle was going to become more ruthless and that our job, when we found ourselves really up against the guns, as the Chancellor of the Exchequer and the Prime Minister found themselves the other week, was not to go crawling into the enemy's camp saying: "For goodness sake, and by any possible device that you can conceive, just let us shelter a little longer under this system that we have spent our whole lives in denouncing."

We are moving on. We are past the time when we can possibly allow the bankers and financial interests, or any other small group now controlling the present system, to continue in control. We have to wrest that power from them, in order that the people can get free from a ridiculous situation that is becoming more and more ridiculous every day. It is not our job to devise means how we can make our people poorer, reduce their wages, and reduce their standard of living. The essential thing in the world is over-production—coffee destroyed in Brazil, cotton destroyed in America and fruit being destroyed everywhere. A fruit merchant told me that he was not allowed to give his surplus food away. He had to allow it to rot because if he had given it away free, he would have been spoiling the market, and black-legging on his class.

Mr. SPEAKER I am afraid the hon. Lady is getting a good way from the Motion before 1344 the House. §

Miss LEE I apologise for having been carried away. The standards of value differ in this House. To me, the argument I have been trying to put forward is very much more relevant than many of the others. I shall try to keep within your Ruling. The point I was making was that even where an individual capitalist has the will to go as far as he can towards solving the problem of over-production, he is merely one unit in a system which does not allow him to do what he wishes to do.

Those of us who are convinced that the present system is doomed and cannot go on, ought not to be addressing our attention at the present time to methods whereby we can prolong its life, knowing that by those methods we cannot avoid additional hardships on the people whom we are here to represent and to protect, but we should be demanding that the Government, through the House of Commons, should own and control the whole of our banking system. I would beg hon. Member opposite to believe that we use that phrase "owning and controlling our banking system" not as an empty shell, but because the banking system is part of the essential machinery whereby we can begin to decide what volume of credit to issue. Whether I believe in inflation or deflation, in import control or not, depends entirely upon whether I am asked to support those measures while Conservatism and private enterprise rule the situation, or as part of the efforts of a Socialist majority to construct a Socialist state. I can see that inflation might be used against us in the hands of our class enemies, and that import control might be used against us in the hands of those who want to preserve the present state of affairs. The present measures further endanger working-class life, but they are some of the devices that we ourselves might use in building up the Socialist society. Free trade is just as incongruous to a conception of the Socialist state as it is to the hon. Members opposite who are now trying to carry on private enterprise.

I do not speak with any hope of influencing hon. Members opposite, beyond making them understand that there is a certain amount of real opposition to them that want to go 1345 right through with its opposition. The economics to which we must address our attention are, not to come in with bandages and zinc ointment to help in the immediate battle of capitalism, but such as are based on our belief that the present system is doomed and cannot go on. We ought to be putting before this House proposals for owning and controlling the Bank Of England, in order to decide what volume of credit we wish to have, in accordance with a planned idea of industry, and to which industries we wish to give that, credit. We cannot do that without knowing how far we want import boards and import control, but it is a very different thing—

Mr. SPEAKER The hon. Lady is transgressing again. §

Miss LEE I want to conclude in a sentence because you have already allowed me to say most of what I have to say. It is, in essence, that I have no desire or intention to take part in a cardboard battle. I do not conceive that to be my function. I think it would be ridiculous if we conceived it to be our function to come forward and give advice to Members opposite, which they already possess in abundance, as to how they might possibly make their system function. But even with the best of advice, and most enlightened methods the system will not function, because overproduction cannot be solved unless by a rise in the general standard of life which would completely set aside all the present ways of running industry or of distributing our national income. They may do their best, and they have our sympathy in the impossible job they are attempting, to keep the present, bad, unjust and uneconomic system working, but they can depend upon it that, in this House to a small extent, but in the country to a very much larger extent, our minds and thoughts will be directed towards the future and to mobilising unemployed, employed, and every thinking class of worker whom we can

interest in this problem for the big constructive tasks of socialism.

Dr. ADDISON I should think that never before in the history of our country has a new §
Government had to make so conspicuous an admission of failure in so short a time. The
Govern- ment were brought into being in order to maintain the Gold Standard. Those 1346
of us on this side who were in the last Government left it because of our differences and
because we were not prepared to do all that was said to be required to maintain the Gold
Standard. I would remind the House of the dreadful things that were to happen, according to
the Prime Minister, if we went off the Gold Standard. Speaking in this House on the 8th
September he said: "We maintain that if instant action had not been taken as regards this
specific crisis, it would have meant that sterling, as I have said, would not merely have gone
off gold or at least would have been reduced." —[OFFICIAL REPORT, 8th September, 1931;
col. 21, Vol. 236.] The Prime Minister went on to say that if we went off sterling, war
pensions, old age pensions, health and insurance benefits would become worth, as they
became in Germany, only the price of a newspaper. The Government were formed in order to
prevent that from happening, and within a fortnight of their creation they introduce a Bill to
destroy the very fabric which they were designed to build. It is unique in British political
history, but I think, as the hon. Lady the Member for North Lanark (Miss Lee) said, there is a
good deal more behind it than that. I have never been a worshipper at the shrine of the
financial magnates. The right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd
George), whose illness, I am sure, we all deplore, made a speech a few weeks ago in which
he said what he thought about some of the bankers. I was in the crisis with him during the
War, and I agree with every word he said. According to the advice that was given to the
Labour Government, it was necessary to balance the Budget in order to avoid this very thing
happening. The prescription has been administered. It is a very nauseous and nasty
prescription. It consists of two doses—the Budget and the Economy Bill. Together they are as
nauseous a prescription as has ever been administered to the masses of the people of this
country. They said that it was necessary in order to prevent us from going off the Gold
Standard. But here we are. The National Government have produced this prescription and are
applying it. Very shortly, we are to address ourselves to the most drastic and 1347
tyrannical methods of forcing the dose down our throats whether we like it or not. That is to
be the next business of the House.

The extraordinary thing is that before we have read both these Bills a Second time the very
thing has occurred which they are designed to prevent. Therefore, the first question I wish to
ask the hon. and gallant Gentleman the Financial Secretary to the Treasury is, "What are the
Government going to do about these other Bills?" If the object of one of those Bills was to
prevent us from going off the Gold Standard and we have now gone off the Gold Standard, is
there any longer any occasion for its passage? The Chancellor of the Exchequer answered
that question in advance this afternoon. He said that going off the Gold Standard now would
not have these dreadful results because we have balanced the Budget. We are all willing to
balance the Budget, but he meant that we had balanced the Budget in a particular way. What
we were told would be an unmitigated calamity on the 8th September may, we are told to-
day, be a blessing in disguise. In fact, an hon. and learned Member opposite even went so far

as to express a certain measure of gladness that it had occurred. All I have to say is that if the advice of the financial dictators was considered to be sound, it is only another illustration of the abundant truth of what the right hon. Gentleman the Member for Carnarvon Boroughs said, that there was no set of men he knew of in this country who had made a bigger mess of our business than had these men.

We are being driven—do not let there be any mistake—to take a most drastic Closure Resolution in order to put through the most drastic and stupid Economy Bill that has ever been presented to this Parliament. I shall have a word to say on that Bill when we get to it and, therefore, I will not attempt to anticipate it, or I shall be out of order. The Prime Minister urged on the House more than once that we were not to consider that we were doing these things—first, introducing the Economy Bill, and, secondly, the Budget—at the dictation of outside financiers. This thing, we were told, was necessary—and it has been admitted—to balance the Budget in this particular way in order that a loan might be obtained, or 1348 words to that effect. We are often told that a rose by any other name would smell as sweet, and I should think that dictation by financiers by any other name would stink no less. This House is being dragooned by an extraordinarily incompetent set of people; there is no doubt about it. At the same time, we cannot refuse a Second Reading to this Bill, and the reason is evident. We are off the Gold Standard, and being off the Gold Standard, as some of us anticipated, is not the dreadful calamity that we were led to believe. Some of us have said—and I have said it more than once, and earned considerable opprobrium for saying it—that we have still to be convinced that it would be a dreadful calamity if we went off the Gold Standard. At the same time, your financial expert lives much more by tradition than by reason. I think we ought to prove our facts before we are allowed to draw a conclusion, and this is the last thing your city magnate does. He lives in the rut of tradition and refuses to look over the edge. It depends how you regulate and manage the business. The Bill is introduced in order that there may be a certain measure of regulation. We have either to pass the Bill or let the matter drift. We must have some measure of control, and therefore we have to pass a Bill.

But there is one very important question I wish to ask the hon. and gallant Member. I regard it as vital that the House should have an assurance before it passes the Bill as to what is going to be done about the cost-of-living. The Economy Bill—never mind about the details—presses hardly upon people who have fixed incomes, whether they be policemen, postmen, or men receiving unemployment benefit. It presses very hardly upon them. They have not a chance of enhancing their incomes by being engaged in the export trade, which may receive a fillip through going off the Gold Standard. They have a fixed, stereotyped income and are being got at both by the Economy Bill and by the Budget. If these people are to be subject to this third impost, I want to know what is to be the safeguard with regard to the exploitation of the community in the matter of prices? We were told how prices might soar. I think 1349 that that was probably exaggerated like the rest, but, at the same time, if the Government feel it necessary to take a certain measure of control with regard to how the Gold Standard is to be dealt with in the City—and I quite agree that it is necessary—they must safeguard the poorest people against being exploited as a result of the rising prices which must necessarily

occur. I want a definite assurance from the hon. and gallant Member on that very definite point.

I join in hearty accord with the hon. Member for North Lanark. I think that it is evident that under the system whereby the industries of this country from one end to the other and the employment of our people are to be entrusted to the management of men who are proved incompetent, so incompetent that notwithstanding the masses of wealth in our country, they cannot even manage the business of the City for a few weeks and give short-term bills, the time clearly has come for this country to say that we must control these things ourselves in the national interest. I am certain that our party will stand unanimously for that.

Before we pass this Bill I want to know what is going to be done in regard to the balance of trade and the regulation of imports. I have been fighting the battle on behalf of British agriculture for a good long time, and my most amicable antagonist is still on the Government Bench. Some measures for restoring the balance of trade, for producing more in the old country, and controlling the cost of living are inevitable and proper concomitants of this Bill. That cannot be done unless the Government are prepared to do it by control and regulation. I should like to have an assurance from the Financial Secretary. I do not expect to get an assurance from him in regard to the question of the methods for restoring the balance of trade, seeing that he is cheek by jowl with some of the most convinced mid-Victorian Free Traders that are still alive, and that some of his loyal colleagues also are strong Protectionists. I cannot expect information as to what the Government are going to do in regard to that; it would be asking too much, but the House ought to know what is going to be done by the Government in regard to the inevitable and, immediate results of this Bill, namely, the increase of prices, and how they are going to protect the poor people of this country against exploitation. 1350

Major ELLIOT We have no reason to complain of the reception that has been given to the Bill by speakers from the Front Bench opposite. They have admitted the necessity of the Bill, that they support its introduction and that the Bill is justified. That being so, we must address ourselves to two separate points, the real opposition to the Bill and certain little points of detail asked for by the two speakers from the Front Opposition Bench. The real opposition to the Bill has been put by the hon. Lady the Member for North Lanark (Miss Lee) who, with all the assurance of youth, advanced the confident anticipation of the breakdown of the capitalist system, based on her study and knowledge of Karl Marx. §

Mr. McSHANE Or of Montagu Norman. §

Major ELLIOT I did not know that the hon. Member was such a devotee of Montagu Norman. I think the hon. Member has been longer acquainted with Karl Marx than with Montagu Norman. The hon. Member for North Lanark advanced uncompromising opposition to the Bill, and so did the hon. Member for Ebbw Vale (Mr. A. Bevan). They want to attack the temple. They say, "Let us put our arms round the pillars of the temple and let us break it down. Let it crash down." Upon whom? §

Mr. STEPHEN Upon you. §

Major ELLIOT The hon. Member for Camlachie (Mr. Stephen) thinks that it will only crash §
 down upon me, I must admit that there are other people concerned as well as myself. I will
 not enter into the course of argument which brought the hon. Lady into collision with the
 Chair, but I would remind her that there were two great Jews working in London about the
 end of the last century, Karl Marx and Benjamin Disraeli. There was a great divergence
 between their views in regard to the difference between the rich and the poor. Disraeli took
 the view that it could be settled by peaceful methods, but Karl Marx took the view that it
 could only be dealt with by the inevitable clash of class war. We on this side adopt the § 1351
 philosophy of Disraeli, while the hon. Lady and her friends adopt the philosophy of Karl Marx.
 [Interruption.] I am not going to be led away. What we are discussing are the proposals laid
 before us to-day by the Chancellor of the Exchequer. It has been said that the previous
 proposals brought forward by the Government have proved a failure, and that although there
 has been a crisis there has been no panic. I can assure the right hon. Member for Swindon
 (Dr. Addison) that if we had tumbled off sterling in the late days of August there would have
 been much more of a panic than he is able to enjoy to-day. If we had gone off the Gold
 Standard and off sterling before the Budget had been balanced, things would have been far
 more serious. Right hon. Gentlemen opposite say that the proposal of the late Government
 was to balance the Budget, but they agree that the proposals for balancing it were tentative
 and that no agreement had been come to. If we had gone off the Gold Standard and off
 sterling with an unbalanced Budget, we should have been driven directly and immediately
 into printing paper money, into an internal inflation, as well as the external withdrawals of
 gold, and that would certainly have produced a situation in which many of the fears of right
 hon. and hon. Members opposite would certainly have been realised.

We have been asked what is the provision in regard to the Economy Bill and the Budget.
 Obviously, it is necessary for the Government to press forward with all the legislation
 required for balancing the Budget. That is more necessary now than ever before. When there
 is an unbalanced Budget, it means that unless you can each year get in as much money as
 will correspond with the money you are paying out, there is no method of meeting that
 except by printing off pieces of paper and deeming them to be money.

Mr. WISE The Financial Secretary, surely, is aware that the ordinary method is by §
 borrowing in the London money market to meet internal charges by Treasury Bills. That is the
 normal way.

Major ELLIOT We are all aware of the normal methods for dealing with the situation, but §
 the position in which we find ourselves is certainly not normal but abnormal, and in § 1352
 that abnormal situation, as speakers from the hon. Member's own side have said, abnormal
 measures have to be taken to deal with it.

Mr. A. BEVAN In what way does the present crisis distinguish itself from others in which §
 borrowing can take place?

Major ELLIOT There is only a limited time. The hon. Member will not expect me to go §

into an analysis of the various crises that have taken place in regard to the capitalist system.

Mr. BEVAN The Financial Secretary has made a statement to the effect that in the event of the Budget not being balanced, the only way of balancing it is by inflation, by the printing of paper money not covered by the ordinary amount of gold. I ask the hon. and gallant Member, in what way is the present crisis distinguished from other Budget crises, which prevents him from meeting it by borrowing, inasmuch as there is plenty of liquid money available in the country? §

Major ELLIOT When this country is upon the Gold Standard you know what you are borrowing against, but when it is not on the Gold Standard you do not know. The hon. Member for Ebbw Vale delivered a general philippic against the capitalist system, not against any particular evil of it. It was a general accusation, and if I defend any part of it he will shift his attack to another phase of the system. It reminds me of the man who asked for an engagement, and he was asked what was his chief line. He replied: "Invective." When he was asked what was his particular line of invective, he said: "Oh, just general invective." The hon. Member is a most thorough and polished master of that kind of general invective. He says that he wishes to pull down the whole system and sweep it away. He does not want economy. He wants to get rid of the whole thing as quickly as possible, and then to rebuild it nearer his heart's desire. When he has done that, I do not know which hon. Member, the hon. Member for Ebbw Vale or the hon. Member for North Lanark, would be the most uncomfortable under the Socialist State. §

The proposal brought before us is a proposal to suspend the export of gold. It has been agreed that that proposal is necessary. Then we come to the conditions under which the export of gold is to be suspended. Hon. Members have asked questions about the mechanism under which the export of gold is to be suspended. They point to Clause 1 (3) which provides that: "It shall be lawful for the Treasury to make, and from time to time vary, orders authorising the taking of such measures in relation to the exchanges and otherwise as they may consider expedient for meeting difficulties arising in connection with the suspension of the Gold Standard." They ask what that means and how far it could go. For instance, it would be possible for the Treasury to inquire into any measure connected with the export of securities and to require information which it could not require otherwise. It would not be possible for the Treasury to purchase or acquire securities under that Sub-section. To do that would require further powers. The obtaining of information, or technical action, or the taking of steps which are outside the power of the Treasury at the present time, would be covered by that Subsection. 1353

Dr. ADDISON Would it be possible for the Treasury to inquire in the way suggested? What action could the Treasury take in regard to such matters as the hon. and gallant Member has mentioned? §

Major ELLIOT It would be practically impossible for me, here and now, to sketch out the course of action which the Treasury might feel itself compelled to take. §

Dr. ADDISON If the Financial Secretary will look up the records as to how this matter §

was dealt with during the War he will see that we took considerable powers. We took powers over the movement of securities, and so forth. I want to know whether this Sub-section does not include kindred powers.

Major ELLIOT The right hon. Gentleman has given a very good example. He will remember that during the War the Government had power to open and read every letter and to open and read every telegram, and to decipher every telegram. Those were wide powers, under which it was possible to operate the very stringent powers which the Government took in connection with securities. I would point out to the right hon. Gentleman that if he is not going to censor letters or telegrams, and he is not going to carry out other steps, then he is not in the same position as we were in the War. § 1354

Dr. ADDISON I am sorry to interrupt the hon. and gallant Member again and I hope he will not think me discourteous. I know what happened during the War, and as far as my recollection goes, so far as the matter of securities went, the censorship did not come into it at all. It was done through the organisation set up by the bankers. §

Major ELLIOT The right hon. Gentleman will realise that although the safety valve in a boiler may not always be operating it is an essential part of the structure. These enormous powers were in reserve. I can assure him, after looking into the matter during the last few days, that the fact that these enormous powers are in the background will be a tremendous help in assisting and stiffening the Treasury in dealing with the problem. When he compares the present with the War situation he must remember that the stringent regulations made during the War covered everything in our daily lives and, therefore, there is no parallel to the present conditions. §

Mr. SHINWELL Before the hon. and gallant Member leaves the point upon which so many questions have been asked, is it possible for him to say what steps are contemplated by the Government under the term "otherwise"? §

Major ELLIOT Hon. Members will realise that if I were to deal with what you might call sharp practice by nationals of this country—[Interruption.]—this country has got those who are willing to indulge in sharp practice—and to explain the steps that are intended to deal with them, it would be the most certain method of making sure that those steps would be eluded. §

Mr. SHINWELL Do I understand that by the term "otherwise" the hon. and gallant Member means those nationals who contemplate steps which he would regard as sharp practice? §

Major ELLIOT In vain in the sight of the bird does the fowler spread his net. [Interruption.] I am certainly not going further into the matter. I will merely say that there are steps which the Treasury might wish to take but which it would not wish to explain in advance to the bird. § 1355

Mr. R. A. TAYLOR May I ask in this question— §

Major ELLIOT If I attempt to answer all the questions which occur to the fertile minds of hon. Members opposite during the Debate I should detain the House all night. The simple proposal and the main proposal of the Bill is to suspend the obligation of the Bank of England to pay out gold at a fixed sum. The hon. Member for North Lanark asked why this was being introduced. Surely it is vitally important that this national asset should not be removed at a rate far beyond that which the circumstances of the case justify? We are relieving the Bank of England of the obligation to part with that national property at these inadequate rates, and in doing that we should expect to receive support from hon. Members in all parts of the House. The mechanism by which we propose to do it is set out in the Clause, and the further steps dealing with unforeseen circumstances, which we do not wish to particularise, are set out in Sub-section (3). These are the main lines along which we intend to go. §

The only other point raised is in connection with the cost of living. The Government have considerable powers under this Bill, and under other Acts of Parliament, to deal with any catastrophic changes which may bring hardship to many sections of the community. May I point out to hon. Members that one of the great fixed charges to which they themselves have drawn attention as that bearing most immediately on working people and the unemployed is already limited by Statute, and there is no chance of that being raised under the provisions of this Bill? I refer to house rents. [Interruption.] The Bill brought forward by the hon. Member for Camlachie is itself a witness to that point.

Mr. STEPHEN What you have said about that Bill is not true. 1356

Major ELLIOT Then I withdraw entirely anything that I have said if I have improperly appreciated the effect of that Bill. I am not, of course, as well acquainted with that Measure as the hon. Member himself, but the great item of a controlled house rent is a charge which cannot be increased on the poorer people, and, therefore, there will be no variation in this basis charge to which the people of this country are subject. In the case of the prime necessities of life we must observe the moves. There is no reason to expect any wide or immediate rise in the prime necessities of life, and if there is any such rise it will be kept closely under observation. [Interruption.] We can do no more than that. This Bill does not provide any mechanism for dealing with that question and it would be quite wrong for it to do so. There are other Statutes which give power to the Government to act in case of emergency, and it would be out of order for me to go into the measures to control prices on a Bill which is introduced for the purpose of enabling the Bank of England to suspend the export of gold, and nothing else. §

Mr. McSHANE Can you give us an assurance? §

Major ELLIOT I have already given the assurance that any alteration in the price level would be most closely watched by the Government. [Interruption.] Hon. Members must realise that I might give undertakings which might easily have an effect quite contrary to that which they desire. It might easily happen that if I gave a rash undertaking, or suggested that some wide sweeping action would be taken by the Government, that it might precipitate panic and uneasiness. I would suggest that the nation in the immediate future should §

consider what it was doing last week and act in the same way next week. There is no greater danger to the nation than the loss of a balanced mind. There are three important balances; there is the balance of the Budget, the balance of trade, and not less vital, the balance of mind. Unless we can maintain a balanced mind in face of these potential dangers they may easily turn into actual dangers. I do not think that these actual dangers will arise, or need to arise, but nobody can deny that this measure does open the door to potential dangers [1357](#) and we are asking the House to give us this measure, which, though it exposes the nation to potential dangers, does save it from immediate dangers. That is the case, roughly speaking, which we put before the House. They are proposals to which right hon. Members opposite have given their assent. The mechanism of the Bill, while it takes powers to deal with variations in the exchange, does not cover the wider questions raised by hon. Members, and the six months provision enables these proposals to be brought within the purview of the House in six months time. It is not a way of removing them from the purview of the House. With this explanation I hope the House will give us leave to introduce the Bill.

Mr. R. A. TAYLOR May I ask, Mr. Speaker, if your Ruling earlier in the Debate meant that [§](#) there was to be no Second Reading discussion?

Mr. SPEAKER I certainly gave no such Ruling, although I expressed the hope that the [§](#) Debate in the subsequent stages of the Bill will not be a repetition of this Debate. I hope that the same discussion will not be resumed on the various stages of the Bill.

Question put, "That leave be given to bring in a Bill to suspend the operation of Sub- [§](#) section (2) of Section one of the [Gold Standard Act, 1925](#), and for purposes connected therewith."

The House proceeded to a Division: [§](#)

Mr. SPEAKER stated that he thought the "Ayes" had it; and, on his decision being [§](#) challenged, it appeared to him that the Division was unnecessarily claimed, and he accordingly called upon the Members who supported and who challenged his decision successively to rise in their places, and he declared that the "Ayes" had it, three Members only who challenged his decision having stood up.

Bill ordered to be brought in by the Prime Minister, the Chancellor of the Exchequer, [§](#) Mr. Stanley Baldwin, Sir Herbert Samuel, and Major Elliot.

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GOLD STANDARD (AMENDMENT) BILL,

HC Deb 21 September 1931 vol 256 cc1357-409

1357

"to suspend the operation of Sub-section (2) of Section one of the [Gold Standard Act, 1925](#), and for purposes connected therewith," presented accordingly, and read the [1358](#) First time; and ordered to be printed. [Bill 227.]

Motion made, and Question proposed, "That the Bill be now read a Second time."— [§](#)
[Major Elliot.]

Mr. STEPHEN I beg to move, to leave out from the word "That" to the end of the [§](#)
Question, and to add instead thereof the words: "this House declines to give a Second Reading to the Bill until provision is made for the control of prices and the maintenance of the purchasing power of the wages, the unemployed benefits, and the pensions of the working-class of this country, and the abandoning of the policy of cuts in expenditure on education, unemployment benefits, and other social services." 8.0 p.m.

It is very important, before the House allows the Government to take the steps that are contemplated in this Bill, that various assurances should be given with regard to certain sections of the community. I noticed, when the Chancellor of the Exchequer was detailing the history of the steps which led to the introduction of the Bill, that he mentioned the fact that there had been much criticism of the Budget as an unbalanced Budget, and also because of the expenditure upon unemployment. Then he detailed the other steps. One of the things that struck me as I listened to him was the extraordinary way in which the Government have been driven to this position, and the disposition on the part of various people to make things in this country appear to be worse than they really are. I would ask the Financial Secretary why it was that in this series of events the estimate was given that next year the unemployed would number 750,000 more than this year. Why was that figure taken? Why has there been this worsening of confidence regarding things in this country, to the extent of saying that so many more millions would be required, because the number of unemployed would increase in 12 months by 750,000 on the average?

This Bill is only one other step in a series of steps that have been taken with the object of reducing the cost of production by worsening the conditions of the working class. If this Bill is passed obviously there will be an increase in the cost of living; there will be so many commodities that will become dearer. The Financial Secretary said that one of the [1359](#) main items in the household budget was rent, and that rents could not be increased because of the Rent Restrictions Acts. I should have thought that the representative of the Kelvingrove division of Glasgow would have known that a large proportion of the houses are now decontrolled, and that a greater and greater number of working class houses will have to pay increased rent.

Mr. DEPUTY-SPEAKER (Captain Bourne) I fail to see how the hon. Member connects § his Amendment with the de-control of houses.

Mr. STEPHEN If you, Mr. Deputy-Speaker, will give me a few minutes, I will show you § how I connect it. The effect of the Bill will be to increase the price of commodities. With the increase in the price of commodities there will be a general increase of prices, and those who obtain their livelihood from the letting of houses will raise the rents because they will have to pay a bigger price for commodities. Consequently I think it is of the utmost importance that steps should be taken to protect the purchasing power in the hands of the working people. The Prime Minister said that one of the things that the people of this country would understand in the crisis, and one of the things that would justify the action he had taken, was that if we went off the Gold Standard the consequences would be so terrible. To-day the decision is taken and we have gone off the Gold Standard, though in a different sense from what was contemplated previously when possibly we might have tumbled off. But we have really tumbled off now; let us make no mistake about that. We did not go off the Gold Standard until the bankers in America and France had said, "No, we are not prepared to give further credits," and the credits already given were practically exhausted.

It was a fall off the gold standard. Those were the circumstances that the Prime Minister regarded with such dread previously. One of the right hon. Gentleman's arguments was that it would be far better for the unemployed to accept the cut of 10 per cent., because they would know that Vile pound was a pound, because the pound on the Gold Standard would buy so many goods. Now we are off the Gold Standard. No one will be sure what the 1360 pound will buy in future. The unemployed man with his 15s. 3d. will not know how much that money will buy. I noticed to-day, when questions were directed to Members of the Government regarding the cut of unemployment benefit, that while there is to be some softening of the blow in the case of the teachers, the police and the Services, there is a firm determination that the unemployed are to get no relief whatever, and no lightening of their burden. I cannot understand how the Labour party in this House can acquiesce in the passage of a Bill until it has got some definite assurance as to the way in which those whom the Labour party represent are to be protected in respect of wages, unemployment benefit, and pensions, and also in respect of education and the expenditure upon social services.

I believe that things will be very much worse in future. I know it is contemplated that we will be able to work around the 18s. pound. But the present Government expected to remain on the Gold Standard. It came into being to remain on the Gold Standard. It is simply a policy of drift, drift, drift all the time, and this Bill is one other step in the policy of drift. Since I came into this House in 1922, again and again I have heard Presidents of the Board of Trade talk about the better times that were to come. I have heard the present, Chancellor of the Exchequer make a pitiful appeal to the Labour party, when he was a member of it, in which he said that the good time was just round the corner. We were told that if we would wait until the Autumn of last year the good time would arrive. But it did not come. So we have drifted on, and we are drifting on again.

The Government that was not able to carry out the tasks for which it was created comes

forward with this Measure and says, "Now that we have a balanced Budget, now that we have an Economy Bill, it will be all right. You can go off safely now." But when the Government came into being and spoke about balancing the Budget they were horrified at the suggestion that they might still have to go off the Gold Standard. They practically gave the House an assurance that in no circumstances would they go off the Gold Standard. Now they are asking for powers, and powers to protect one section of the community, the rentier class, 1361 who are the one class that the Government are so anxious to protect. We were told that there would not be any attempt at a forced conversion of loan, no compulsion, nothing that would interfere with the investing public, nothing that would interfere with people who had securities bearing fixed interest, nothing that would cause these people the slightest discomfort. But with regard to the unemployed it was so different; they did not count. We were told that the whole world was appalled at the amount of money we were spending on the unemployed. Although we are informed that the late Labour Government were prepared to make great sacrifices and throw so many off benefit by alterations in the 26 weeks' period in the year, that was not enough; there must be an additional £12,500,000 obtained from the unemployed.

The Prime Minister said, the Chancellor of the Exchequer said, and the other Members of the National Government said, "It is for your own good. It is to see that your pound will always buy you sufficient goods." Now we are asked to pay no attention to that, but to show a united front, and we are told that everything will be all right, that Britain will still lead the nations, and that we shall come through this crisis as we have come through so many other crises in the past. It is quite true that we may come through this crisis successfully. Capitalism may be able to maintain itself and ultimately to emerge from the present crisis, but it will be at the expense of the ordinary working people of this country, and it is the business of hon. Members on this side of the House to let the Government understand that we are entirely opposed to their policy and will do all we can to prevent it becoming effective and that we challenge them to ask the verdict of the country on that policy. If the Government conceived that they had some little mandate as a Government when they were maintaining the Gold Standard what mandate is there for them now when the Gold Standard has gone with the passage of this Bill? What reason is there for the Government?

I would like Members on this side to say that as far as the Labour party and the trade union movement of the country are concerned, we are prepared to use the full force of our 1362 political power and our industrial power to make it absolutely impossible for the present Government to carry on. I believe that there will be a much bigger flight from the pound than is contemplated; that things will be much worse than many people imagine; that prices will go up and that things will become very difficult indeed for the working-class. It is the duty of those who represent the working-class to begin now to visualise the difficulties which will have to be faced in the future and to try to realise what machinery will be necessary in order to protect the working-class against the hard conditions that will be forced upon them. I move this Amendment for the purpose of asking for definite assurances with regard to the purchasing power of wages, of unemployment benefit, and pensions—assurances that the conditions of working-class life will not be worsened during this crisis. I also ask for an

assurance that the cuts which the Government contemplates in education, unemployment benefit and the social services will be abandoned. If the Government are in earnest in seeking national unity they should be prepared to make those concessions.

The Financial Secretary said there were three balances involved and that the third one was a well-balanced mind. There is, I suggest, a fourth. There is the balance between rich and poor and that balance has been very heavily in favour of the rich during all the handling of this crisis. All along, that balance has been held so as to protect the rich and well-to-do and has been held against the working-class and the lower middle-class. A united Opposition, determined to submit to no worsening of working-class conditions has a power which, I believe, will compel the Government to make concessions along the lines I have indicated. I appeal to Members on this side to make it as difficult as possible for this Bill to pass until we get an assurance from the Government that there is to be no worsening of working-class conditions and that the burden will be laid upon the shoulders best able to bear it, namely those of the rich and well-to-do classes of this country.

Mr. McSHANE I beg to second the Amendment.

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I do so for a number of reasons which I hope I shall be able to explain fully. The Chancellor of the Exchequer said he hoped to have the unanimous voice of this House in support of the Government's proposals to devalue the pound. There need have been no difficulty about the unanimity of this House, if the proposals put before us had shown that wise and judicious care which the Government might have shown for the people over whom they rule. But let there be no mistake about it. When this Bill is passed there will come—indeed, already, before its passage there has already come—upon the people of this country what is, in effect, a definite reduction of wages and salaries. Surely, a wise and beneficent Government looking out over its people throughout this country would have said: "It is true that we are giving the banks powers which are not only formidable, but are un-named and indefinite; yet we are going to make assurance doubly sure that while there is to be an increase in the cost of living the poorest of the poor in the land shall be protected."

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We know only too well how wide has been the gap between the reduction of wholesale prices and the reduction of retail prices. We know how retail prices in their fall have lagged behind wholesale prices and, conversely, we know how painfully slowly the wages of the working class rise to catch up with increases in the cost of living. The War gave us an example. Even in that time when the nation was expected to be united, these differences led to clashes and conflicts of conscience on the part of the working class. Large numbers of them were only too anxious in their then patriotic zeal to help their country, as they thought, but they were put to the terrible strain of not knowing where they were going to get the money with which to carry on their homes. As a result not merely of this Measure, but of the Economy Bill, there will be in every town and village in the land increases of rates. There will be an increase of prices, and because of the increase of prices there will be, in effect, a reduction of wages and salaries. I ask the spokesmen of the Government what are they going to do to protect the people who will be affected?

I asked the Financial Secretary what assurance he could give that there would be afforded to the people of this country the protection which they require. He said, speaking in a 1364
 very vague and general way, that there were wide powers to deal with catastrophic rises in prices, so that apparently, before there is any suggestion even of taking action, the Government will simply keep their eye on any catastrophic rises in prices. That is not enough for us. On the top of that increase in prices all round that is going to be so hard on the unemployed and on the aged, with their miserable pensions—men and women over 70 years of age the purchasing power of whose 10s. has already gone down—not only are they to be ignored, but there is to be taken no step whatever to help any of them.

It is not without significance that the Prime Minister, at the Despatch Box this afternoon, could say that there was to be a reduction of the cut in teachers' salaries to 10 per cent., although in effect that reduction of the cut will have been nullified probably within the next month. It is significant that the services of which he spoke were the teaching service, the police service, the branches of the military service, and so on, but no word fell from the Prime Minister's lips as to any question, under the new circumstances, of reducing the burden that is to be placed upon the unemployed. I want to ask the spokesman of the Government, if by taking this step they are definitely increasing prices and therefore increasing the burden on the people, what steps they are going to take in order to help those people. What control, what machinery, what steps of any kind whatever are to be taken in order to reassure us that the Government are not going to be merely a caretakers' Government for the bankers, but are going to be a Government that can look out on the country with the eye of solicitude that a wise and beneficent Government ought to have?

It is proposed to reduce the unemployment benefit by 10 per cent. This increase in prices on account of the proposed Measure now before the House has already added another percentage to that, and I ask therefore whether the spokesman for the Government cannot say to-night that the Government have decided not to inflict that 10 per cent. reduction on the unemployed, not to worsen the conditions under which they are living, but, because of the price increases throughout the land, that that will be the contribution of the unemployed to the present so-called crisis. Some of us feel very keenly upon this matter, and we 1365
 have a right to ask that the Government shall take some measures arising out of this Bill and shall formulate some statement to-night which will reassure those who sent us here that the Government are taking steps to protect the miserable standard of living under which so many of those people exist at the present time.

Mr. MACLEAN The Amendment deals with a particular aspect of the condition of this country that has become even more accentuated within the past few days. This Bill is an emergency Bill. When this House rose on Friday there seemed to be no idea in the mind of any Member of the House that conditions were going to reach such a climax as to necessitate the introduction of a Bill of this character, but it was surely in the air, and a Prime Minister or a Member of the Cabinet with his fingers upon the pulse of what might be looked upon as a very acute situation, should at least have seen that something was likely to arise.

On Thursday night we saw on the "tape" that this country had already gone off the Gold

Standard. It did not require a Bill to be introduced on the Monday to let us know that. In the New York Exchanges from 6 o'clock onward on Thursday night the pound had dropped to 18s. 6d. instead of its par value of 20s. That situation continued right on until the evening. Furthermore, rumours of all kinds were circulating throughout the House as to a critical situation having arisen. Statements were being bandied about of meetings and councils and conferences in the Prime Minister's room. On the Saturday morning the country was acquainted with the fact that the Directors of the Bank of England had been interviewing the Prime Minister, and that a cabinet meeting had adjourned to allow a consultation to take place between the Prime Minister and leading Members of the Cabinet, and that the Cabinet had reassembled after that consultation.

It was known to the Cabinet on Thursday night that a situation of extreme delicacy and urgency had arisen, and not until to-day was this House acquainted with the fact that a Bill of this kind was required in order to save the situation. Why? I was not at the conference with the Cabinet, and no one in this House at present, I am certain, knew anything of what 1366 took place at that conference, but knowing what has been advised by those bank directors to past Governments, I am convinced that their advice was that, however critical the situation might have seemed, all would be well if the Government would give proper support. But once again, as the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George) told us in this House only a few months ago, the Bank of England and the City were wrong in the advice which they gave to the Government. They were wrong last Thursday night when they advised that all was likely to be well. We were off the Gold Standard then—not this morning, but from 6 o'clock last Thursday night—and this Bill is an indication once again that the Government have been driven into a state of panic by the mishandling of the whole situation by your so-called financial experts.

I can remember when we went on the Gold Standard, and many of us here took part in the discussion and in the Division in this House when the right hon. Member for Epping (Mr. Churchill) took us back to the Gold Standard. It is amusing how these financial experts always tell you what benefits will flow from following their advice. Their advice then was to go upon the Gold Standard. The right hon. Member for Epping told the House on the Third Reading that we had on that occasion done one of the greatest things in the history of this country by going back to the Gold Standard. The Bank Rate rose afterwards. This morning when it was announced that we had gone off the Gold Standard, the Bank Rate again rose. Whether we go upon it or off it, the banker is always there to raise his rates and get the best out of both sides. It is time that this House took some control over the banks and over the financial interests of this country and ignored the advice of the so-called financial experts.

Sir GEORGE JONES And take your advice.

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Mr. MACLEAN I am not asking anyone to take my advice. I am merely criticising the actions that have followed upon all the advice that has been accepted by this Government as well as by other Governments. I do not set myself up to be a financial expert. The Prime 1367 Minister and Chancellor have spoken to us to-day as though they were giving us high financial advice, and have said that it was better to go off the Gold Standard in order to save

the country. That was why those gentlemen changed from this side of the House to that side. They changed a fortnight ago to save the country and to keep the Gold Standard in existence in order to preserve the financial stability of the country and to enable the sovereign to look the dollar in the face all over the world, as the right hon. Member for Epping said when he put us back on to the Gold Standard. Instead of propping it up with the Economy Bill, they have taken the shoring away from underneath and the Gold Standard has collapsed.

Now all the papers are joining in a Hallelujah Chorus that everything is alright in this country now that we have gone off the Gold Standard. Last week they were pleading with the Government to go to the country to preserve the Gold Standard and to shore it up with tariffs. With one exception, the Press were all in favour of the Gold Standard last week. I wonder sometimes why we pay so much attention to the City and so little attention to the things we can do for ourselves here. The Prime Minister told us categorically to-day, in announcing the alleviation in the cuts which the Government intended to make in certain services, that the unemployed were not to be included. The Chancellor, with that placid look upon his face, with that firmness of manner that has led him to be called the "Iron Chancellor," again showed the nature of the character that he has acquired since he crossed the Floor and surrounded himself with his present companions, also pointed out that this Bill is the only way to preserve this country, and that it must be based upon things which can give no relief to the unemployed workers. Their benefit will be cut 10 per cent. On Thursday the pound dropped to 18s. 6d. on the Wall Street exchange, and it has dropped since, so that there has been practically a 10 per cent. cut in the value of the pound since Thursday. That with the other 10 per cent. cut, means a 20 per cent. reduction in the value of the money the unemployed will get to spend.

We want to know from the Government what they intend to do to preserve the value 1368 of the few shillings which the unemployed will get, and to prevent a profiteering ramp after the style of the bankers' ramp which we have already had. We do not want any profiteering in finance, and we are determined that there shall be no profiteering by a needless increase in the prices of the food supplies of the humblest and poorest people. The Financial Secretary to the Treasury in his reply earlier said that he could not give any statement as to what the Government intended to do. He did not, however, give us any assurance that they intended to do anything. We are not asking for the regulations that they will lay down, but we want a definite pledge from the representatives of the Government that they will do something definite to prevent profiteering in the slump that is bound to take place in the value of the pound. I ask the Solicitor-General, who is evidently going to reply for the Government. I take it from his attitude that he is not. Then I ask the Noble Lord the Member for East Norfolk (Viscount Elmley) if he is going to reply for the Government. I take it that he is not. Then, as there is no one on the Front Government Bench who can reply to the Debate, I shall move, "That the House do report Progress and ask leave to sit again." It is scandalous that in a Debate of this kind, when an Amendment has been moved which seeks to preserve the interests, the rights, the comforts and the livelihood of millions of workers, there is no Government representative who is to reply.

The SOLICITOR-GENERAL (Sir Thomas Inskip) I hope that the hon. Gentleman will

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not take it amiss. My hon. and gallant Friend the Financial Secretary, who has been here all day, will be back in a very short time. I will report to him anything that is said.

Mr. MACLEAN This is not good enough. A situation has arisen in the country which is considered to be of such urgency that a Bill is introduced, and we are asked to put it through all its stages in one evening. I protest against the way the Government are treating their own urgent Bill, and I insist upon the Motion to report Progress being accepted.

Mr. DEPUTY-SPEAKER Lieut.-Commander Kenworthy. 1369

Mr. MACLEAN I am moving to report Progress. §

Mr. DEPUTY-SPEAKER The hon. Member cannot move to report Progress in the House. §

Mr. MACLEAN I beg to move, "That the Debate be now adjourned."

Mr. DEPUTY-SPEAKER Does anyone second the Motion? §

Mr. GEORGE HARDIE I beg to second the Motion. §

Mr. DEPUTY-SPEAKER I do not accept the Motion. Lieut.-Commander Kenworthy. §

Mr. MACLEAN On a point of Order. We are in an exceedingly grave situation, according to the statements of both the Prime Minister and the Chancellor of the Exchequer, and we have no Government representative present to deal with it. The Solicitor-General states that he is only going to report what he remembers, I take it, to the Financial Secretary when the latter returns, so that he may reply to the things reported to him. I submit that that is not treating this House as it ought to be treated on a matter of this importance and urgency, and I again ask you to reconsider your Ruling and to accept my Motion for the Adjournment.

Mr. DEPUTY-SPEAKER Under the Standing Orders discretion is vested in me as to § whether I accept or reject such a Motion, or whether I put it forthwith without debate. As the hon. Member has stated, this is an occasion of great urgency, and he has himself given the best argument against accepting his own Motion in stating that the Bill has to pass through all its stages to-night. In view of that fact, I cannot accept the Motion.

Mr. MACLEAN On a point of Order. You have admitted the urgency of the situation and its critical nature, and have stated that those are the best reasons why you should not accept my Motion. May I submit to you that they are also the strongest arguments why you ought to accept it? You must admit that there ought to be a representative of the Government sitting on that bench to listen to the statements advanced against the Bill and reply to them. 1370 That being so, I submit once again that you should reconsider your decision. Otherwise the whole situation becomes farcical—an urgent Bill is being discussed and there is no representative of the Government to reply to the discussion.

Mr. DEPUTY-SPEAKER I have already given my Ruling on that point, and I see no § reason to depart from it, Lieut.-Commander Kenworthy.

Mr. MACLEAN Then I shall continue my speech.

Mr. DEPUTY-SPEAKER The hon. Member exhausted his right to speak by moving the Adjournment of the Debate and having that Motion seconded. He cannot speak twice in the Debate. §

Mr. MACLEAN The Motion I moved was a Motion to adjourn the Debate. You did not accept it, and therefore I have not spoken upon that Motion. That has fallen dead. I am speaking now on the Amendment which is before the House.

Mr. DEPUTY-SPEAKER The hon. Member seems to have forgotten that his Motion to adjourn the Debate was seconded. By permitting it to be seconded, he terminated his own speech, and he cannot now address the House again on the Amendment. §

Mr. MACLEAN I submit that I did not make any speech on the Motion to adjourn the Debate. During my speech on the Amendment I asked the Solicitor-General whether he intended to reply, and he indicated that he did not. Then I gave way to him and he said that he was going to make a report to the Financial Secretary. Thereupon, after his interruption of my speech—not, the end of my speech—I moved the Adjournment of the Debate, and I now ask leave to go on with my points.

Mr. KELLY May I submit to you, Captain Bourne, that when a Member is speaking on so important and so serious a matter and finds that no one is present to answer the points he is putting forward, and thereupon moves to Adjourn the Debate—that because under the Rules of the House that Motion must have, a seconder the Member does not lose the right to continue his speech? §

Mr. DEPUTY-SPEAKER It will be within the recollection of the hon. Member for Rochdale (Mr. Kelly) that a similar situation arose in the last Parliament. While the House was proposing to move Mr. Speaker out of the Chair on the Navy Estimates the hon. Member for Keighley (Mr. Lees-Smith) moved the Adjournment of the Debate. He was not permitted to continue his speech on that occasion, and I am bound to hold to that precedent in this case. 1371 §

Mr. MACLEAN On a, point of Order. I am not going to question your Ruling any further, but I would like to know under which Standing Order that Ruling was given.

Mr. DEPUTY-SPEAKER The hon. Member has asked me to quote the Standing Order. To the best of my recollection—and this point has come upon me somewhat suddenly—the Rule that an hon. Member cannot speak twice in the same Debate is a very old-standing Rule. The hon. Member moved a Motion which I did not accept but which had been seconded, and as he allowed it to be seconded his speech was terminated. Consequently, a speech from him now would be on the Amendment before the House. He has already spoken on that Amendment, and by moving that the Debate be now adjourned, and permitting that to be seconded, he terminated his own speech. I must therefore hold that he cannot resume his speech. §

Mr. MACLEAN On a point of Order. You are basing your Ruling on the fact, or what you consider to be the fact, that an hon. Member cannot speak twice on the same Motion. I am submitting to you that I was speaking on the Amendment, discovered there was no one to reply, and then moved the Adjournment of the Debate. That was an entirely different matter from speaking on the Amendment which was before the House, and therefore I was not speaking or endeavouring to speak twice on the same subject.

Mr. DEPUTY-SPEAKER The hon. Member has fallen into a common fallacy. A speech is delivered upon the Question before the House, until a new Question arises. Until the hon. Member's Motion was moved and seconded there was no new Question before the House. That was the Ruling given in the case I have already referred to. § 1372

Mr. MACLEAN I am not arguing, but it is not in the Standing Orders.

Mr. LAWTHER If an hon. Member is ruled out of order because of a certain Standing Order, are the other Members not entitled to know what that Standing Order is? §

Mr. DEPUTY-SPEAKER I have given my Ruling, which is based on a previous Ruling by one of my predecessors. §

Mr. MACLEAN The Standing Order does not bear it out.

Mr. LAWTHER Some of us were not here when the previous Ruling was given in relation to that matter, and as a new Member I consider that we are entitled to know what the Standing Order is. §

Mr. DEPUTY-SPEAKER Hon. Members had better study the Standing Orders for themselves. Lieut.-Commander Kenworthy. §

Lieut.-Commander KENWORTHY I am sorry the speech of the hon. Member for Govan (Mr. Maclean) has been cut short. I have heard him speak with great pleasure on many occasions, and I am sure he would have spoken much more eloquently than I have done. It happens, also, that I was the hon. Member who was called on the previous occasion when the right hon. Gentleman was ruled out of order on the Navy Estimates. I notice with surprise that when a protest was being made the Financial Secretary to the Treasury came in, but that he has now departed. I do not want to raise the same protest, but I think that either the Chancellor or the Financial Secretary or the Prime Minister ought to be on the Treasury Bench. Hon. Members opposite seem to treat this whole thing rather lightly. As soon as this Bill is out of the way, I would like them to go to the country on a Dissolution and see what the electors think of it. Some of them are going to get a shock. §

Mr. GRANVILLE GIBSON I hope the hon. and gallant Member does not refer to those of us who are sitting here now. §

Lieut.-Commander KENWORTHY I am referring to hon. Gentlemen who are treating this Bill as something to be passed through the House in 10 minutes, because the "Daily Mail" said so this morning. That was the sort of thing I read in the train coming from § 1373

Yorkshire —that all these stages would be gone through in a few minutes. This is a Bill of the utmost importance. It was to prevent this Bill that the present Government was formed, and my first intention was to support the Bill, because I thought that as honourable men the Government would then get out. But now that we have the Bill itself we see from the text of it that there is no urgency whatever. It would not matter if we did not pass this Bill until next week, because there is absolutely no urgency about it. [Interruption.] I hope hon. Members opposite are not going to be impatient about this matter, because this is a Parliamentary occasion of the utmost importance.

The Government are proceeding in this matter in the wrong way; there ought to be a consultation with other Powers in regard to the Gold Standard. That is a course which should have been adopted by the Chancellor of the Exchequer and the Prime Minister, because they have a supreme responsibility in regard to such matters as those which we are now discussing. I am very sorry for the party opposite now that it has been saddled with those two incompetent Ministers. Already stocks have fallen by £90,000,000, and we have lost £25,000,000 in gold as a result of the incompetence and lack of tact on the part of the Government. One of the things which I suggest as being very essential at the present moment is that we should exercise our powers under the [Bank Charter Act](#) of 1844, and terminate the Charter of the Bank of England. This is certainly a very grave issue to put before the country. The Conservative party, at any rate, had a policy before they allowed themselves to be hoodwinked into joining this Government, and it was one which they said would prevent wages being reduced. The Government are now adopting a policy which will result not only in a reduction of wages, but will also have the effect of increasing unemployment.

9.0 p.m.

1374

On this side of the House we are going to fight this Bill at every stage, and we shall fight every proposal which is put forward by the present Government. To proceed with these Measures, even in face of the reduced cuts which have been promised, is criminal folly, and we must fight them on this side, and fight them we will. The Government have power under the [Emergency Powers Act](#) to deal with rising prices of such articles as fuel and other necessities, and they should be prepared to act very swiftly in order to see that the people of this country are not made to suffer unnecessarily. Let the Government display a little more vision in all these matters. I am glad to see that there has been a change of tone on the part of the Press, which up to the present moment has been supporting the present Government, and I have no doubt that this will be followed by a change of tone on the part of Government spokesmen. During the last fortnight the speeches we have heard from the Treasury Bench, and more particularly from the Prime Minister and the Chancellor of the Exchequer, have been injurious to the interests of this country: they have been alarming the people simply for party ends in order to justify their treachery to their own party, and making speeches which are treasonable.

I think we might give a great impetus to the export trade of this country by stopping the importation of unnecessary luxuries. But you must at the same time be prepared to prevent

either panic rises of price or, as I believe is provided in the Bill, panic flights from the pound. You can do both. You can give an example to the country of courage, the great thing that this Government needs next to energy, and confidence, and stop running down your own country, your own people, and your own working men. [Interruption.] An hon. Member speaks of running away, but the Prime Minister, by his own resignation, which only a very high authority prevented him from carrying out, ran as fast as anyone. May I, with great humility, give one last word of advice? [Interruption.] The hon. Member for Leith (Mr. E. Brown) will understand in a moment. In the next few weeks and months we shall hear many references to the May and Macmillan reports. Might I ask that a certain chapter of a much older 1375 Book should be referred to—the 32nd chapter of Exodus, which tells how the Children of Israel set up a golden idol, a molten image, and what happened to them. We have been worshipping gold; we have made it our god; and we are going to be punished—we are taking some of our punishment now. I hope we shall repent, and I hope that God will have mercy on us.

Mr. STRACHEY During the last three weeks in this House we have been told from the 1375 § Government benches that we have to submit to everything that they propose, in case there should happen what has now happened. Some of us ventured to say that, however submissively and humbly we accepted their proposals, this would happen. Last Friday I ventured to suggest to the House that the three things which could be done by British capitalism in this situation were direct cuts—which were being proposed—inflation, and tariffs; and I said that far from, as the Prime Minister promised us, the acceptance of cuts allowing us to get off without the other two evils, we were much more likely to get all three of them. That was only last Friday. We have got two of them already, and, if we are to judge by a significant passage in the Chancellor of the Exchequer's speech, we are going to get the third very soon indeed. That is an extremely serious situation for every wage-earner in this country to face during the winter. We find now that, even when it is apparent that all these three evils will come upon the working population of this country, we are told—and the hon. and learned Member for Central Nottingham (Mr. O'Connor) carried this view to its logical conclusion—that the fiats of high finance must not be controverted, but must be obeyed in action immediately. We have heard that for weeks, of course; we have been told from the Government Front Bench that the fiats of finance must not be criticised in words from this side of the House; but the hon. and learned Member for Central Nottingham went a step further, and said that these proposals must not even meet with expressions of protest from this side of the House—that they must not only be accepted, but gladly accepted, or more terrible disaster would come upon us.

We cannot quite fall in with that view, but it is certainly remarkable that this event 1376 which is now taking place, and which for the last three weeks has been described as the most horrible catastrophe that could happen to this country, has now suddenly, at the moment of its arrival, been turned, according to the Press of this country, into a veritable economic paradise. That is most astonishing. I submit, however, that, just as the terrible, awful catastrophe was somewhat exaggerated, so the economic paradise is even more exaggerated. I think it is possible, and even probable, that, as a result of the passage of this

Bill and of the inflation which must ensue, there will—granted, of course that the general world situation does not deteriorate too rapidly—be some increase in industrial activity in this country. At any rate, there will no doubt be a very considerable increase in the rate of profits made by certain industries in this country. Certain speakers from this side of the House have seemed to suggest that that is an excellent thing, that at any rate it is an asset which should be set off against the undoubted liabilities of this policy; but do they realise at whose expense those profits are to be made? They will be made wholly and solely at the expense of the wage-workers of this country, for, obviously, profit-earning capacity will be restored to sections of British industry just to the extent that this Bill reduces real wages, and it is distinctly doubtful, in the present world situation, how far inflation will benefit them even temporarily, though I should say there will be some temporary benefit to British industry.

We must, however, remember at this juncture some of the things, at any rate, that we were told about inflation up to a day ago, because some of them were true. We were told from the Government benches, until we were almost sick of hearing it, what an artificial, what an unreal benefit inflation was to industry, and that is very largely true. Certainly the industrial boom, if there be a boom, which we shall see as a result of this Bill, will be of a most unhealthy and unreal character. British capitalism may get a breathing space for itself at the expense of the workers, at the expense of an enormously increased rate of exploitation of the working class; but even that respite will be of a very artificial and insecure character. It is, as it were, taking to drugs. With this Bill, British capitalism has taken to drugs, has taken 1377 to artificial stimulants, because it could not get on without them, and it marks a historical moment that at this point this sort of method has had to be resorted to by the oldest and, it was thought, one of the strongest capitalist systems in the world. This artificial method will weigh with unparalleled and unheard of severity on the workers of this country, who are already being attacked by direct economies, and are now to be attacked by this far more potent though less direct method, and are probably to be attacked soon by the other indirect method of tariffs. By this enormous pressure on the workers, British capitalism may gain a small and uncertain breathing space, but the very fact that it has to resort to such methods as this shows the appalling condition into which it has got, and these methods will unquestionably raise an opposition and a spirit of revolt in this country which has not been seen before.

The astonishing situation which we have witnessed in this House to-day is that, at this moment of unparalleled difficulty for British capitalism, when it has shown its weakness as it has never done before, the Leader of the Labour party and of the Opposition offers his co-operation with the Government and with British capitalists. The terms were a matter of £4,000,000, which he thought should be raised in a somewhat different way in the Budget from the way in which they are raised. If hon. Members think I am exaggerating and that he asked for some other concession, I do not want to argue that point. There are no concessions which British capitalism can give at this moment. Of course, we oppose the Economy Bill, but do not let us delude ourselves or our constituents that the Economy Bill can be withdrawn by British capitalism. We have heard from the Chancellor of the Exchequer that after inflation the Economy Bill is far more necessary to him even than it was before, and that is absolutely

true from his point of view. British capitalism is out to attack the working-class standard of life not at one point but at every point simultaneously. Therefore, it seems to me an appalling tragedy that the front Opposition Bench made absolutely no real opposition to the Bill at all. I trust the Amendment will be pressed to a Division, but that will be the only opposition that these proposals meet with.

Some of the speeches of spokesmen of the Independent Labour Party opposed these 1378 proposals not on fundamental but on technical grounds. They seemed to think this was the wrong way of going about the job. The hon. Member for East Leicester (Mr. Wise), for example, took that line. There is no possible ground for opposition along those lines. The Treasury experts who advise the Chancellor of the Exchequer have found out the right way, from the point of view of British capitalism, to do their own job, and it is most unlikely that anyone from the Independent Labour Party, or anyone else, will be able to suggest a better way. These proposals, like all the other proposals of the Government, however severe they are—and they will be increasingly severe and will press increasingly into the standard of life, and into the very necessities of the workers—either have to be supported or, at any rate, not opposed, as the Front Opposition Bench does, or they have to be opposed as fundamentally, from the very root, the whole system out of which they spring has to be opposed, and their opposers have to be prepared to have an alternative policy of mobilising working class opposition to these proposals not only in this House but throughout the country. In other words, opposition to these proposals cannot be on a Parliamentary basis. There is no possibility of Parliamentary argument about them. They have to be opposed by the demobilisation of the whole powers of the working class industrially and politically.

The only contribution to that which can be made in this House is the formulation of a short, simple programme of working class demands—perfectly rational demands for shorter hours to meet the unemployment crisis, for higher wages, for refusal to allow prices to rise —demands which are utterly incompatible with the maintenance of the capitalist system for a single hour; we must be perfectly clear about that—proposals which, if they are made, those who make them must be prepared to take over government, to smash the capitalist system and to build up a new system from the very bottom. I know this may seem fantastic. It is fantastic to suppose that hon. Members on the Front Opposition Bench could ever do such a thing. I realise that to the full. But the point I am making is that, unless you are 1379 prepared to go all that way, there is no possible basis of opposition either to this Bill or to the other proposals of the Government. [interruption.] An hon. Member says the Army is in control of hon. Members opposite. Do his remarks apply equally to the Fleet? That is the fundamental point that we have reached. I ask every Member on this side of the House to think really clearly and honestly and not to shirk this issue, as they are all shirking it at the moment.

Major ELLIOT I think there is no doubt that the arguments for and against the Bill itself § were exhaustively canvassed in the discussion in which the House gave leave to introduce the Bill. Leave was given without a Division almost unanimously and after having had, not merely the arguments for and against the Bill but extensive quotations from the Bill, which acquainted the House fully with the proposals that we were about to lay before it. I have

listened to most of the Debate, and I have had reported to me in, detail any contributions that were made by the hon. Member for Govan (Mr. Maclean) and others while I was out of the House. It does not seem to the Government that any new argument has been raised. There has been a reiteration of the demand for safeguards of one kind or another. The safeguard, as we pointed out, to the working class and to all classes in the country was the maintenance of the Gold Standard. When the Gold Standard, owing, as we think, largely to the factious opposition of the other side—the Chancellor of the Exchequer himself said it was impossible for the nation to present a united front—breaks down it is true that all classes of the country are exposed to the danger of alterations in price which comes from having departed from a fixed standard, but the fact remains that there is no reason to suppose that any extensive rise in prices will take place. The hon. Member for Camlachie (Mr. Stephen), with ill-concealed glee, said he thought great rises and terrible hardships would take place, but he hoped there would be no panic. He did not seem to me to be going the best way to avoid a panic.

Mr. STEPHEN I did not say I hoped there would be no panic.

1380

Major ELLIOT The hon. Member does hope that there will be panic. It is not a hope of ours. The best contribution the House can make to avoid panic is to limit the Debate, as far as it can do so, and to pass the Measure energetically and promptly.

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§

Mr. R. A. TAYLOR May I seek a definite reply to a question from the Government spokesman? I listened very carefully to the Chancellor's statement when asking for leave to introduce the Bill, and I listened equally carefully to the statement of the Financial Secretary when trying to enlighten us as to the real scope of the powers contained in the Bill. I would like to have a definite answer to these perfectly simple questions. Will this Bill equip the Government with power to prohibit British nationals from buying foreign currency, except for purposes of trade or other purposes that may be approved by the Government? Will the Bill equip the British Government with powers to mobilise securities held by British nationals, either in cases where interest is paid in sterling or where the investors are paid in foreign currency, and does it give the Government power to control those securities and take them over if necessary to be used in the interests of the nation for the purpose of maintaining the exchange value of British currency?

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Is there power in the Bill to enable the Treasury to call upon the profits and other resources of the Bank of England, in the event of any loss in respect of guarantee for the loans which have recently been contracted with France and the United States—I refer more particularly to the later loans, amounting to £80,000,000 of which £40,000,000 are held in France and £40,000,000 in the United States, and which I understand are guaranteed by His Majesty's Government —because of those loans having to be paid in a depreciated currency, so that the British taxpayer might recoup his loss from the Bank of England, whose mistakes have really lead to the necessity for this expenditure If we could get an assurance on those points, there are some of us who would be inclined to support the Bill.

Mr. EDE It is four weeks ago since the Ministry of all the mediocrities was formed.

1381

Looking at them to-day, I can only say that, in view of this Bill, they appear more mediocre than they did four weeks ago. We have achieved to-night the very thing the Government were formed to prevent, and which was to be, in the words which Lord Rosebery made so famous, "the end of all things." If we went off the Gold Standard, nothing else was worth while. One opened the Tory papers this morning, to find that the big mistake is that we have waited so long to go off the Gold Standard. Now we are to see the dawn of the era of prosperity. We have moved during the past fortnight from one panic to another. The letter from the Bank of England to the Government, and the answer of the Government, are at last an emphatic declaration as to who are the real masters of this country. The Prime Minister never attempted to justify the cut in unemployment benefit on anything other than a, cost-of-living basis, on a basis of letting the working man know that 15s. 3d. is 15s. 3d., just as the Prime Minister was to know that £4,000 was £4,000. To-night the working man who is going to have his unemployment benefit cut, has no such guarantee.

Amid resounding Ministerial cheers to-day, it was announced that the Government had run away from the teachers, the police and from anybody who could bite them. [An HON. MEMBER: "Not the doctors!"] The doctors made their announcement last Friday. They gave way a couple of days too soon. What is the position to-night? The teacher's salary was to be so cut that £100 fell to £85. It is now announced that the teacher's salary is to be so cut that £100 is to become £90. I saw on the tape as I came into the House that the was worth 18s. in Paris. Therefore, on that basis, the £90 that is left to the teachers has already become £81. Under the Government's proposal, the teachers are 4 per cent. worse off than they were with the 15 per cent. under the Gold Standard. The whole game has been given away in the "Times" city notes this morning. The writer says: "The Gold Standard game can only be played according to its well-proven rules." It is as well that we should know from so high an authority that this is a game, which financiers play with pieces of paper and with the people of this and other countries. Because the game has not been played according to the rules by America and France, people of this country are to suffer a degradation in their standard of life that 14 years ago would have been regarded as absolutely impossible. If, in September, 1917, when the Paschendale push was being made, people had gone along the lines in the morning telling the men then in the trenches that they would have to face the appalling position that faces them to-day, those people would have been shot for trying to cause disaffection among the troops and for demonstrating to them things that were palpably false. Yet we have come to see this! 1382

Only yesterday, the real master of this country was giving his view in the "Sunday Express." In one column it was stated that I should not be here much longer; I took heart of grace from that, when I read the other prophecy by another and far greater expert, Dr. Sprague, who had been telling a writer in the "Sunday Express" yesterday that he had no fears for the value of the pound. He said: "We have by no means reached the last of our resources in our efforts to maintain the value of the pound. Far from having used the last shot in the locker, very much useful ammunition has not even reached the locker." "Dr. Sprague, naturally, was not able to enlarge on what further methods would be adopted to support sterling if the necessity arose, but he made it clear that he foresaw no difficulty in obtaining all the support

necessary." The "Sunday Express" says: "'Anyway,' he concluded, with that confident smile of his, 'it won't happen this week or next.' " I do not think he is Scottish. He is not a British subject. I understand that he is really the man in charge for the American banks at the Bank of England. That is the position we have now reached. I suggest that we ought not to part with this Bill until we have the assurances asked for in the Amendment. The hon. Member for Aston (Mr. Strachey) was trying to draw a lurid picture of the near future. In most revolutions, the people who talk like that are generally found on the wrong side of the barricade when the shooting begins.

Mr. STRACHEY Will the hon. Member tell me from his revolutionary experiences on what, he basis that statement? 1383 §

Mr. EDE On a longer life than that of the hon. Member, and upon a considerable study of the writings of his father. Four weeks ago the revolution was decreed. Already the Government are learning the truth of what Victor Hugo said on the French Revolution: "What is this thing that goes less and less in the direction in which one pushes it?" §

The UNDER-SECRETARY of STATE for the COLONIES (Sir Robert Hamilton) The Socialist party! §

Mr. EDE Four weeks ago, the one thing that we were supposed to have saved was the Gold Standard. To-night the one thing that it is certain we have lost is the Gold Standard, and during the next few weeks many and greater disappointments await the Government if they pursue the policy on which they were formed. I regret that the Secretary for Mines is not here, for I have a quotation from Milton with which I want to close my speech. "War has made many great whom peace makes small. If after being released from the toils of war, you neglect the arts of peace, if your peace and your liberty be a state of warfare, if war be your only virtue, the summit of your praise, you will, believe me, soon find peace the most adverse to your interests. Your peace will be only a more distressing war; and that which you imagined liberty will prove the worst of slavery." §

HON. MEMBERS Go on.

Mr. EDE I am prepared to go on, but I have been informed that the House desires to get the Bill to another place so that it may become law to-night; if it is the desire of Government supporters, however, that I should continue, I am always willing to oblige them. We have neglected the arts of peace. We have believed that we could subjugate and drive into slavery great §

nations on the Continent and we find to-night that in attempting to subjugate and enslave others we have ourselves been subjugated and enslaved, and the only way we shall get out of the mess is for the whole of the nations of the world to realise that the victories on the battlefield have been turned into the most distressing defeat democracy has ever suffered and that we have, as a united world, to stand together in our determination to crush the fell power of money out of the position it has assumed. 1384 §

The PARLIAMENTARY SECRETARY to the TREASURY (Commander Sir Bolton Eyres Monsell) rose in his place, and claimed to move, "That the Question be now put."

Question put, "That the Question be now put." §

The House proceeded to a Division— §

Mr. J. JONES [seated and covered]: On a point of Order, Mr. Speaker. I have spent nearly the whole day listening to the Debate. I have tried to get in; I was not going to delay the House for very long. Members of the House who have just come into the Chamber have been allowed to speak, while some of us have been sitting here all day and have not been called upon. §

Mr. SPEAKER That is not a point of Order. §

Mr. R. A. TAYLOR [seated and covered]: On a point of Order. May I ask you if it is customary to grant the Closure at Twenty Minutes to Ten o'Clock when hon. Members have put specific questions to which no reply has been given, and when the Debate only started at Eight o'Clock? §

Mr. SPEAKER The Closure has been moved and really no point of Order arises. §

The House divided: Ayes, 271; Noes, 148. §

Division No. 481.]	AYES.	[9.40 p.m.	1387
Acland-Troyte, Lieut.-Colonel	Balfour, Captain H. H. (I.of Thanet)	Boothby, R. J. G.	
Albery, Irving James	Balniel, Lord	Bowater, Col. Sir T. Vansittart	
Alexander, Sir Wm. (Glasgow, Cent'l)	Beamish, Rear-Admiral T. P. H.	Bowyer, Captain Sir George E. W.	
Allen, Lt.-Col. Sir William (Armagh)	Bellairs, Commander Carlyon	Boyce, Leslie	
Amery, Rt. Hon. Leopold C. M. S.	Bennett, Sir E. N. (Cardiff, Central)	Bracken, B.	
Astor, Maj. Hn. John J. (Kent, Dover)	Berry, Sir George	Briscoe, Richard George	
Astor, Viscountess	Betterton, Sir Henry B.	Broadbent, Colonel J.	
Atholl, Duchess of	Bevan, S. J. (Holborn)	Brown, Ernest (Leith)	
Atkinson, C.	Birchall, Major Sir John Dearman	Brown, Brig.-Gen.H.C. (Berks, Newb'y)	
Baldwin, Rt. Hon. Stanley (Bewdley)	Birkett, W. Norman	Buchan, John	
Balfour, George (Hampstead)	Blindell, James	Buchan-Hepburn, P. G. T.	
Bullock, Captain Malcolm	Greene, W. P. Crawford	Nicholson, Col. Rt. Hn.W.G.(P'tsl'ld)	
Burgin, Dr. E. L.	Grenfell, Edward C. (City of London)	O'Connor, T. J.	
Burton, Colonel H. W.	Gretton, Colonel Rt. Hon. John	Oldfield, J. R.	
Butler, R. A.	Griffith, F. Kingsley (Middlesbro' W.)	Oliver, P. M. (Man., Blackley)	
Butt, Sir Alfred	Gritten, W. G. Howard	Oman, Sir Charles William C.	
Cadogan, Major Hon. Edward	Gunston, Captain D. W.	Ormsby-Gore, Rt. Hon. William	

Campbell, E. T.	Hacking, Rt. Hon. Douglas H,	Owen, Major G. (Carnarvon)
Carver, Major W. H.	Hall, Lieut.-Col. Sir F. (Dulwich)	Penny, Sir George
Cattle Stewart, Earl of	Hamilton, Sir George (Ilford)	Perkins, W. R. D.
Cautley, Sir Henry S.	Hamilton, Sir R. (Orkney & Zetland)	Peters, Dr. Sidney John
Cayzer, Maj. Sir Herbt. R. (Prtsmth,S.)	Hammersley, S. S.	Peto, Sir Basil E- (Devon, Barnstaple)
Cazalet, Captain Victor A.	Hanbury, C.	Power, Sir John Cecil
Cecil, Rt, Hon. Lord H. (Ox. Univ.)	Hannon, Patrick Joseph Henry	Pownall, Sir Assheton
Chadwick, Capt. Sir Robert Burton	Harbord, A.	Preston, Sir Walter Rueben
Chamberlain,Rt.Hn.Sir J.A. (Blrm.,W.)	Hartington, Marquess of	Purbrick, R.
Chamberlain, Rt. Hon. N. (Edgbatton)	Harvey, Major S. E. (Devon, Totnes)	Pybus, Percy John
Chapman, Sir S.	Henderson, Capt. R. R. (Oxf'd,Henley)	Ramsay, T. B. Wilson
Christle, J. A.	Heneage, Lieut-Colonel Arthur P.	Ramsbotham, H.
Church, Major A. G.	Hennessy, Major Sir G. R. J.	Rathbone, Eleanor
Clydesdale, Marquess of	Hope, Sir Harry (Forfar)	Rawson, Sir Cooper
Cobb, Sir Cyril	Hore-Belisha, Leslie	Remer, John R.
Cockerill, Brig.-General Sir George	Howard-Bury, Colonel C. K.	Reynolds, Col. Sir James
Colfox, Major William Philip	Hunter-Weston, Lt.-Gen. Sir Aylmer	Rhys, Hon. C. A. U.
Colman, N. C. D.	Hurd, Percy A.	Richardson, Sir P. W. (Sur'y, Ch't'ty)
Colville, Major D. J.	Hurst, Sir Gerald B.	Roberts, Sir Samuel (Ecclesall)
Conway, Sir W. Martin	Hutchison, Maj.-Gen. Sir R.	Robinson, Sir T, (Lanes, Stretford)
Cooper, A. Duff	Inskip, Sir Thomas	Rodd, Rt. Hon. Sir James Rennell
Courtauld, Major J. S.	Iveagh, Countess of	Rosbotham, D. S. T.
Courthope, Colonel Sir G, L.	Jones, Llewellyn-, F.	Ross, Ronald D.
Cowan, D. M.	Jones, Sir G. W. H. (Stoke New'gton)	Ruggles-Brise, Colonel E.
Cranborne, Viscount	Jones, Henry Haydn (Merioneth)	Runciman. Rt. Hon. Walter
Crichton-Stuart, Lord C.	Jones, Rt. Hon. Leif (Camborne)	Russell, Alexander west (Tynemouth)
Croft, Brigadier-General Sir H.	Jowitt, Rt. Hon. Sir W. A. (Preston)	Salmon, Major I,
Crookshank, Capt. H. C.	Kedward, R. M. (Kent, Ashford)	Samuel, A. M. (Surrey, Farnham)
Croom-Johnson, R. P.	Kindersley, Major G. M.	Samuel, Rt. Hon. Sir H. (Darwen)
Culverwell, C. T, (Bristol, West)	Knight, Holford	Sandeman, Sir N. Stewart
Cunliffe-Lister, Rt. Hon. Sir Philip	Knox, Sir Alfred	Sassoon, Rt. Hon. Sir Philip A. G. D.
Dalrymple-White, Lt.-Col. Sir Godfrey	Lam, Sir J. Q.	Savery, S. S.
Davidson, Rt. Hon. J. (Hertford)	Lambert, Rt. Hon. George (S. Molton)	Shakespeare, Geoffrey H.
Davies, Dr. Vernon	Lane Fox, Col. Rt. Hon. George R.	Shepperson, Sir Ernest Whittome

Davies, E. C. (Montgomery)	Law, Sir Alfred (Derby, High Peak)	Sinclair, Rt. Hon. Sir A. (Caithness)
Davies, Maj. Geo. F. (Somerset, Yeovil)	Leighton, Major B. E. P.	Sinclair, Col. T. (Queen's U., Belfast)
Davison, Sir W. H. (Kensington, S.)	Lewis, Oswald (Colchester)	Skelton, A. N.
Dawson, Sir Philip	Little, Graham-, Sir Ernest	Smith, Louis W, (Sheffield, Hallam)
Denman, Hon. R. D.	Llewellyn, Major J. J.	Smith-Carington, Neville W.
Despencer-Robertson, Major J. A. F.	Locker-Lampson, Rt. Hon. Godfrey	Smithers, Waldron
Dickson, T.	Locker-Lampson, Com. O. (Handsworth)	Somerset, Thomas
Duckworth, G. A. V.	Long, Major Hon. Eric	Somerville, A. A. (Windsor)
Dudgeon, Major C. R.	Lovat-Fraser, J. A.	Somerville, D. G. (Willesden, East)
Dugdale, Capt. T. L.	Lymington, Viscount	Southby, Commander A. R. J.
Eden, Captain Anthony	MacDonald, Rt. Hon. J. R. (Seaham)	Spender-Clay, Colonel H.
Edge, Sir William	Mac Donald, Malcolm (Bassetlaw)	Stanley, Lord (Fylde)
Edmondson, Major A. J.	Macdonald, Capt. P. D. (I. of W.)	Stanley, Hon. O. (Westmorland)
Elliot, Major Walter E.	Maclean, Sir Donald (Cornwall, N.)	Stuart, Hon. J. (Moray and Nairn)
Elmley, Viscount	Macpherson, Rt. Hon. James I.	Sueter, Rear-Admiral M. F.
England, Colonel A.	Maitland, A. (Kent, Faversham)	Taylor, Vice-Admiral E. A.
Erskine, Lord (Somerset, Weston-s-M.)	Makins, Brigadier-General E.	Thomas, Rt. Hon. J. H. (Derby)
Everard, W. Lindsay	Mander, Geoffrey le M.	Thomson, Sir F.
Falle, Sir Bertram Q.	Margesson, Captain H. D.	Thomson, Mitchell-, Rt. Hon. Sir W.
Ferguson, Sir John	Marjoribanks, Edward	Todd, Capt. A. J.
Fielden, E. B.	Mason, Colonel Glyn K.	Train, J.
Fison, F. G. Clavering	Meller, R. J.	Tryon, Rt. Hon. George Clement
Ford, Sir P. J.	Merriman, Sir F. Boyd	Turton, Robert Hugh
Forestler-Walker, Sir L.	Middleton, G.	Vaughan-Morgan, Sir Kenyon
Fremantle, Lieut.-Colonel Francis E.	Millar, J. D.	Ward, Lieut.-Col. Sir A. Lambert
Galbraith, J. F. W.	Milne, Wardlaw-, J. S.	Warrender, Sir Victor
Ganzoni, Sir John	Mitchell, Sir W. Lane (Streatham)	Wells, Sydney R
Gault, Lieut.-Col. A. Hamilton	Moncell, Eyres, Com Rt. Hon. Sir B.	Williams, Charles (Devon, Torquay)
George, Major G. Lloyd (Pembroke)	Moore, Lieut.-Colonel T. C. R. (Ayr)	Wilson, G. H. A. (Cambridge U.)
George, Megan Lloyd (Anglesea)	Morris, Rhys Hopkins	Windsor-Clive, Lieut.-Colonel George
Gibson, C. G. (Pudsey & Otley)	Morris-Jones, Dr. J. H. (Denbigh)	Winterton, Rt. Hon. Earl
Gillett, George M.	Morrison, W. S. (Glos., Cirencester)	Withers, Sir John James
Gilmour, Lt.-Col. Rt. Hon. Sir John	Mosley, Lady C. (Stoke-on-Trent)	Wolmer, Rt. Hon. Viscount
Glassey, A. E.	Mosley, Sir Oswald (Smethwick)	Womersley, W. J.

Glyn, Major R. G. C.	Muirhead, A. J.	Wood, Rt. Hon. Sir Kingsley
Gower, Sir Robert	Nail-Cain, A. R. N.	Wood, Major McKenzie (Banff)
Graham, Fergus (Cumberland, N.)	Nathan, Major H. L.	Young, Rt. Hon. Sir Hilton
Grattan-Doyle, Sir N.	Newman, Sir R. H. S. D. L. (Exeter)	
Gray, Milner	Newton, Sir D. G. C. (Cambridge)	TELLERS FOR THE AYES.—
Greaves-Lord, Sir Walter	Nicholson, O. (Westminster)	Major the Marquess of Titchfield and Captain Austin Hudson.
NOES.		
Adamton, Rt. Hon. W. (Fife, West)	Alpass, J. H.	Attlee, Clement Richard
Adamson, W. M. (Staff., Cannock)	Ammon, Charles George	Baker, John (Wolverhampton, Bliston)
Addison, Rt. Hon. Dr. Christopher	Arnott, John	Barnes, Alfred John
Barr, James	Hopkin, Daniel	Richards, R.
Batey, Joseph	Horrabin, J. F.	Richardson, R. (Houghton-le-Spring)
Bevan, Anaurin (Ebbw Vala)	Hudson, James H. (Huddersfield)	Riley, Ben (Dewsbury)
Bowen, J. W.	Isaacs, George	Riley, F. F. (Stockton-on-Tees)
Brockway, A. Fanner	Jenkins, Sir William	Ritson, J.
Bromfield, William	John, William (Rhondda, West)	Rowson, Guy '
Brown, Rt. Hon. J. (South Ayrshire)	Jones, J. J. (West Ham, Silvertown)	Salter, Dr. Alfred
Cameron, A. G.	Jones, Morgan (Caerphilly)	Samuel, H. Walter (Swansea, West)
Cape, Thomas	Kelly, W. T.	Sandham, E.
Carter, w. (St. Pancrat, S.W.)	Kenworthy, Lt.-Com Hon. Joseph M.	Shaw, Rt. Hon. Thomas (Preston)
Charleton, H. C.	Kirkwood, D.	Shepherd, Arthur Lewis
Cluse, w. S.	Lang, Gordon	Sherwood, G. H.
Cocks, Frederick Seymour	Lathan, G. (Sheffield, Park)	Shield, George William
Compton, Joseph	Law, A. (Rossendale)	Short, Alfred (Wednesbury)
Dagggar, George	Lawrie, Hugh Hartley (Stalybridge)	Simmons, C. J.
Davies, D. L. (Pontypridd)	Lawther, W. (Barnard Castle)	Sinkinson, George
Dukes, C.	Lee, Frank (Derby, N.E.)	Smith, Ben (Bermondsey, Rotherhithe)
Duncan, Charles	Lee, Jennie (Lanark, Northern)	Smith, Frank (Nuneaton)
Dunnico, H.	Lewis, T. (Southampton)	Smith, Tom (Pontefract)
Ede, James Chuter	Lloyd, C. Ellis	Strachey, E. J. St. Loe
Edwards, C. (Monmouth, Bedwelly)	Logan, David Gilbert	Strauss, G. R.
Edwards, E. (Morpeth)	Longbottom, A. W.	Sullivan, J.
Freeman, Peter	Lunn, William	Sutton, J. E.
Gardner, J. P. (Hammersmith, N.)	Macdonald, Gordon (Ince)	Taylor, R. A. (Lincoln)
Gibbins, Joseph	Maclean, Nell (Glasgow, Govan)	Thorne, W. (West Ham, Plafstow)
Gibson, H. M. (Lanes, Mossley)	MacNeill-Weir, L.	Thurtle, Ernest
Gill, T. H.	McShane, John James	Tinker, John Joseph
Gossling, A. G.	Manning, E. L.	Tout, W. J.
Gould, F.	Mansfield, W.	Townend, A. E.
Grenfell, D. R. (Glamorgan)	Mathers, George	Turner, Sir Ben
Griffiths, T. (Monmouth, Pontypool)	Mills, J. E.	Vaughan, David

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Grundy, Thomas W.	Milner, Major J.	Walkden, A. G.
Hall, F. (York, W.R., Normanton)	Morgan, Dr. H. B.	Watts-Morgan, Lt.-Col. D. (Rhondda)
Hall, G. H. (Merthyr Tydvil)	Morley, Ralph	Wellock, Wilfred
Hall, J. H. (Whitechapel)	Morrison, Robert C. (Tottenham, N.)	Whiteley, Wilfrid (Blrm., Ladywood)
Hall, Capt. W. G. (Portsmouth, C.)	Mort, D. L.	Whiteley, William (Blaydon)
Hardie, David (Rutherglen)	Muggeridge, H. T.	Wilkinson, Ellen C.
Hardie, G. D. (Springburn)	Murnin, Hugh	Williams, David (Swansea, East)
Haycock, A. W.	Naylor, T. E.	Williams, E. J. (Ogmore)
Hayes, John Henry	Oliver, George Harold (Ilkeston)	Williams, Dr. J. H. (Llanelly)
Henderson, Joseph (Ardwick)	Palin, John Henry.	Williams, T. (York, Don Valley)
Henderson, Thomas (Glasgow)	Paling, Wilfrid	Wilson, J. (Oldham)
Herriotts, J.	Palmer, E. T.	Wilson, H J. (Jarrow)
Hicks, Ernest George	Pethick- Lawrence, F. W.	Winterton, G. E. (Leicester,Loughb'gh)
Hirst, G. H. (York W. R. Wentworth)	Picton-Turbervill, Edith	Wise, E. F.
Hirst, W. (Bradford, South)	Potts, John S.	
Hoffman, P. C.	Price, M. P.	TELLERS FOR THE NOES.— Mr. Kinky and Mr. Stephen.

Question put accordingly, "That the words proposed to be left out stand part of the Question."

§

The House divided: Ayes, 275; Noes, 112.

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Division No. 482.]	AYES.	[9.50 p.m.	§ 1391
Acland-Troyte, Lieut.-Colonel	Bracken, B.	Cockerill, Brig.-General Sir George	
Ainsworth, Lieut.-Col. Charles	Briscoe, Richard George	Colfox, Major William Philip	
Albery, Irving James	Broadbent, Colonel J.	Colman, N. C. D.	
Alexander, Sir Wm. (Glasgow, Cent'l)	Brown, Ernest (Leith)	Colville, Major D. J.	
Allen, Sir J. Sandeman (Liverp'l., W.)	Brown, Brig.-Gen.H.C(Berks, Newb'y)	Conway, Sir W. Martin	
Allen, Lt.-Col. Sir William (Armagh)	Buchan, John	Cooper, A. Duff	
Amery, Rt. Hon. Leopold C. M. S.	Buchan-Hepburn, P. G. T.	Courtaurd, Major J. S.	
Astor, Maj. Hon. John J. (Kent,Dover)	Bullock, Captain Malcolm	Courthope, Colonel Sir G. L.	
Astor, Viscountess	Burgin, Dr. E. L.	Cowan, D. M.	
Atholl, Duchess of	Burton, Colonel H. W.	Crichton-Stuart, Lord C.	
Atkinson, C,	Butler, R. A.	Cranborne, Viscount	
Baldwin, Rt. Hon. Stanley (Bewdley)	Butt, Sir Alfred	Croft, Brigadier-General Sir H.	
Balfour, George (Hampstead)	Cadogan, Major Hon. Edward	Crookshank, Capt. H. C.	
Balfour, Captain H. H. (I. of Thanet)	Campbell, E. T.	Croom-Johnson. R. P.	
Balniel, Lord	Carver, Major W. H.	Culverwell, C. T. (Bristol, West)	
Beamish, Rear-Admiral T. P. H.	Castle Stewart, Earl of	Cunliffe-Lister, Rt. Hon. Sir Philip	

Bellairs, Commander Carlyon	Cautley, Sir Henry S.	Dalrymple-White, Lt.-Col. Sir Godfrey
Bennett, Sir E. N. (Cardiff, Central)	Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)	Davidson, Rt. Hon. J. (Hertford)
Berry, Sir George	Cazalet, Captain Victor A.	Davies, Dr. Vernon
Betterton, Sir Henry B.	Cecil. Rt. Hon. Lord H. (Ox. Univ.)	Davies, E. C. (Montgomery)
Bevan, S. J. (Holborn)	Chadwick, Capt. Sir Robert Burton	Davies, Maj. Geo. F.(Somerset,Yeovil)
Birchall, Major Sir John Dearman	Chamberlain, Rt.Hn.Sir J. A. (Blrm., W.)	Davison, Sir W. H. (Kensington, S.)
Birkett, W. Norman	Chamberlain, Rt. Hon. N. (Edgbaston)	Dawson, Sir Philip
Blindell, James	Chapman, Sir S.	Denman, Hon. R. D.
Boothby, R. J. G.	Christie, J. A.	Despencer-Robertson, Major J. A. F.
Bowater, Col. Sir T. Vansittart	Church, Major A. G.	Dixon, Captain Rt. Hon. Herbert
Bowyer, Captain Sir George E. W.	Clydesdale, Marquess of	Duckworth, G. A. V.
Boyce, Leslie	Cobb, Sir Cyril	Dudgeon, Major C. R.
Dugdale, Capt. T. L.	Jowitt, Rt. Hon. Sir W. A. (Preston)	Ramsay, T. B. Wilson
Eden, Captain Anthony	Kedward, R. M. (Kent. Ashford)	Ramsbotham, H.
Edge, Sir William	Kindersley, Major G. M.	Rathbone, Eleanor
Edmondson, Major A. J.	Knight, Holford	Rawson, Sir Cooper
Elliot, Major Walter E.	Knox, Sir Alfred	Remer, John R.
Elmley, Viscount	Lamb, Sir J. Q.	Reynolds, Col. Sir James
England, Colonel A.	Lambert, Rt. Hon. George (S. Molton)	Rhys, Hon, C. A. U.
Erskine, Lord (Somerset,Weston-s.-M.)	Lane Fox, Col. Rt. Hon. George R.	Richardson, Sir P. W. (Sur'y, Ch'te'y)
Everard, W. Lindsay	Law, Sir Alfred (Derby, High Peak)	Roberts, Sir Samuel (Ecclesall)
Falle, Sir Bertram G.	Leighton, Major B. E. P.	Robinson, Sir T. (Lanes, Strenord)
Ferguson, Sir John	Lewis, Oswald (Colchester)	Rodd, Rt. Hon. Sir James Rennell
Fielden, E. B.	Little, Graham-, Sir Ernest	Rosbotham, D. S. T.
Fison, F. G. Clavering	Llewelin, Major J. I.	Ross, Ronald D.
Ford, Sir P. J.	Locker-Lampson, Rt. Hon. Godfrey	Ruggles-Brise, Colonel E.
Forestier-Walker, Sir L.	Locker-Lampson, Com. O. (Handsw'th)	Runciman, Rt. Hon. Walter
Forgan, Dr. Robert	Long, Major Hon. Eric	Russell, Alexander West (Tynemouth)
Fremantle, Lieut.-Colonel Francis E.	Lovat-Fraser, J. A.	Salmon, Major I.
Galbraith, J. F. W.	Lymington, Viscount	Samuel, A. M. (Surrey, Farnham)
Ganzoni, Sir John	MacDonald, Rt. Hon. J. R. (Seaham)	Samuel Rt. Hon. Sir H. (Darwen)
Gault, Lieut.-Col. A. Hamilton	MacDonald, Malcolm (Bassetlaw)	Sandeman, Sir N. Stewart
George, Major G. Lloyd (Pembroke)	Macdonald, Sir M. (Inverness)	Sassoon, Rt. Hon. Sir Philip A. G. D.
George, Megan Lloyd (Anglesea)	Macdonald, Capt. P. D. (I. of W.)	Savery, S. S.
Gibson, C. G. (Pudsey & Otley)	Maclean, Sir Donald (Cornwall, N.)	Shakespeare, Geoffrey H.

Gillett, George M.	Macpherson, Rt. Hon. James I.	Shepperson, Sir Ernest Whitome
Gilmour, Lt. Col. Rt. Hon. Sir John	Maitland, A. (Kent, Faversham)	Sinclair, Rt. Hon. Sir A. (Caithness)
Glassey, A. E.	Makins, Brigadier-General E.	Sinclair, Col. T. (Queen's U., Belfast)
Glyn, Major R. G. C.	Mander, Geoffrey le M.	Skelton, A. N.
Gower, Sir Robert	Margesson, Captain H. D.	Smith, Louis W. (Sheffield, Hallam)
Graham, Fergus (Cumberland, N.)	Marjoribanks, Edward	Smith-Carington, Neville w.
Grattan-Doyle, Sir N.	Mason, Colonel Glyn K.	Smithers, Waldron
Gray, Milner	Meller, R. J	Somerset, Thomas
Greaves-Lord, Sir Walter	Merriman, Sir F. Boyd	Somerville, A. A. (Windsor)
Greene, W. P. Crawford	Millar, J. D.	Somerville, D. G. (Willesden, East)
Grenfell, Edward C. (City of London)	Milne, Wardlaw-, J. S.	Southby, Commander A. R. J.
Gretton, Colonel Rt. Hon. John	Mitchell, Sir W. Lane (Strea[...])	Spender-Clay, Colonel H.
Griffith, F. Kingsley (Middlesbro'W.)	Monsell, Evres, Com. Rt. Hon. Sir B.	Stanley, Lord (Fylde)
Gritten, W. G. Howard	Moore, Lieut.-Colonel T. C. R. (Ayr)	Stanley, Hon. O. (Westmorland)
Gunston, Captain D. W.	Morris, Rhys Hopkins	Stuart, Hon. J. (Moray and Nairn)
Hacking, Rt. Hon. Douglas H.	Morris-Jones, Dr. J. H. (Denbigh)	Sueter, Rear-Admiral M. F.
Hall, Lieut.-Col. Sir F. (Dulwich)	Morrison, W. S. (Glos., Cirencester)	Taylor, Vice-Admiral E. A.
Hamilton, Sir George (Ilford)	Mosley, Lady C. (Stoke-on-Trent)	Thomas, Rt. Hon. J. H. (Derby)
Hamilton, Sir R. (Orkney & Zetland)	Mosley, Sir Oswald (Smethwick)	Thomson, Sir F.
Hammersley, S. S.	Muirhead, A. J.	Thomson, Mitchell-, Rt. Hon. Sir W.
Hanbury, C.	Nail-Cain, A. R. N.	Todd, Capt. A. J.
Hannon, Patrick Joseph Henry	Nathan, Major H. L.	Train, J.
Harbord, A.	Newman, Sir R. H. S. D. L. (Exeter)	Tryon, Rt. Hon. George Clement
Hartington, Marquess of	Newton, Sir D. G. C. (Cambridge)	Turton, Robert Hugh
Harvey, Major S. E. (Devon, Totnes)	Nicholson, O. (Westminster)	Vaughan-Morgan, Sir Kenyon
Henderson, Capt. R.R.(Oxf'd, Henley)	Nicholson, Col. Rt. Hn. W. G. (Ptrsf'ld)	Ward, Lieut.-Col. Sir A. Lambert
Heneage, Lieut.-Colonel Arthur P.	O'Connor, T. J.	Warrender, Sir Victor
Hennessy, Major Sir G. R. J.	Oldfield, J. R.	Wells, Sydney R.
Hope, Sir Harry (Forfar)	Oliver, P. M. (Man., Blackley)	Williams, Charles (Devon, Torquay)
Hore-Belisha, Leslie	Oman, Sir Charles William C.	Wilson, G. H. A. (Cambridge U.)
Howard-Bury, Colonel C. K.	Ormsby-Gore, Rt. Hon. William	Windsor-Clive, Lieut.-Colonel George
Hunter, Dr. Joseph	Owen, Major G. (Carnarvon)	Winterton, Rt. Hon. Earl
Hunter-Weston, Lt.-Gen. Sir Aylmer	Owen, H. F. (Hereford)	Withers, Sir John James
Hurd, Percy A.	Penny, Sir George	Wolmer, Rt. Hon. Viscount
Hurst, Sir Gerald B.	Perkins, W. R. D.	Womersley, W. J.
Hutchison, Maj.-Gen. Sir R.	Peters, Dr. Sidney John	Wood, Rt. Hon. Sir Kingsley

Inkip, Sir Thomas	Peto, Sir Basil E. (Devon, Barnstaple)	Wood, Major McKenzie (Banff)	
Iveagh, Countess of	Power, Sir John Cecil	Young, Rt. Hon. Sir Hilton	
Jones, Llewellyn-, F,	Pownall, Sir Assheton		
Jones, Sir G. W. H. (Stoke New'gton)	Preston, Sir Walter Rueben.	TELLERS FOR THE AYES.—	
Jones, Henry Haydn (Merioneth)	Purbrick, R.	Major the Marquess of Titchfield and Captain Austin Hudson.	
Jones, Rt. Hon Lelf (Camborne)	Pybus, Percy John		
NOES.			
Adamson, W. M. (Staff., Cannock)	Dukes, C.	Hayes, John Henry	
Alpass, J. H.	Dunnico, H.	Henderson, Joseph (Ardwick)	
Arnott, John	Ede, James Chuter	Henderson, Thomas (Glasgow)	
Baker, John (Wolverhampton, Bliston)	Edwards, E. (Morpeth)	Hicks, Ernest George	
Batey, Joseph	Freeman, Peter	Hirst, G. H. (York W. R. Wentworth)	
Bevan, Aneurin (Ebbw Vale)	Gibbins, Joseph	Hirst, W. (Bradford, South)	
Bowen, J. W.	Gill, T. H.	Hoffman, P. C.	
Brockway, A. Fenner	Gossling, A. G.	Hopkin, Daniel	
Bromfield, William	Gould, F.	Horrabin, J. F.	
Cameron, A. G.	Griffiths, T. (Monmouth, Pontypool)	Hudson, James H. (Huddersfield)	
Cape, Thomas	Grundy, Thomas W.	Isaacs, George	
Carter, W. (St. Pancras, S.W.)	Hall, F. (York, W.R., Normanton)	John, William (Rhondda, West)	
Cluse, W. S.	Hall, G. H. (Merthyr Tydvll)	Jones, J. J. (West Ham, Silvertown)	
Compton, Joseph	Hardie, David (Ruthergien)	Jones, Morgan (Caerphilly)	
Daggar, George	Hardie, G. D. (Springburn)	Kelly, W. T.	
Davies, D. L. (Pontypridd)	Haycock, A. W.	Kenworthy, Lt.-Com. Hon. Joseph M.	
Kirkwood, D.	Muggeridge, H. T.	Strachey, E. J. St. Lot	1390
Lathan, G. (Sheffield, Park)	Murnln, Hugh	Sutton, J. E.	1391
Law, A. (Rossendale)	Naylor, T. E.	Taylor, R. A. (Lincoln)	
Lawrie, Hugh Hartley (Stalybridge)	Oliver, George Harold (Ilkeston)	Thorne, W. (West Ham, Plalstow)	
Lawther, W. (Barnard Castle)	Palin, John Henry	Tinker, John Joseph	
Leach, W.	Palmer, E. T.	Tout, W. J.	
Lee, Frank (Derby, N.E.)	Parkinson, John Allen (Wlgan)	Townend, A. E.	
Lee, Jennie (Lanark, Northern)	Potts, John S.	Turner, Sir Ben	
Lloyd, C. Ellis	Richardson, R. (Houghton-le-Sprlng)	Vaughan. David	
Logan, David Gilbert	Riley, F. F. (Stockton-on-Tees)	Waikden, A. G.	
Longbottom, A. W.	Ritson, J.	Watts-Morgan, Lt.-Col. D. (Rhondda)	
Macdonald, Gordon (Ince)	Rowson, Guy	Wellok. Wilfred	
Maclean, Nell (Glasgow, Govan)	Salter, Dr. Alfred	Whiteley, Wilfrid (Blrm., ladywood)	
MacNeill-Welr, L.	Samuel, H. Walter (Swansea, West)	Wilkinson, Ellen C.	
McShane, John James	Sandham, E.	Williams, David (Swansea, East)	
Manning, E. L.	Shepherd, Arthur Lewis	Williams, E. J. (Ogmore)	
Mansfield, W.	Shield, George William	Williams Dr. J. H. (Llanelly)	
Mathers, George	Short, Alfred (Wednesbury)	Wilson, J, (Oldham)	
Mills, J. E.	Simmons, C. J.	WInterton, G. E. (Leicester,Loughb'gh)	

Morgan, Dr. H. B.	Sinklison, George	Wise, E. F.
Morrison, Robert C. (Tottenham, N.)	Smith, Ben (Bermondsey, Rotherhithe)	
Mort, D. L.	Smith, Frank (Nuneaton)	TELLERS FOR THE NOES- Mr. Kinley and Mr. Stephen.

Bill read a Second time.

Resolved, "That this House will immediately resolve itself into the Committee on the Bill."—[Sir B. Byres Monsell.] §

Bill accordingly considered in Committee. §

[Sir DENNIS HERBERT in the Chair.] §

CLAUSE 1.—(Suspension of right to purchase gold bullion.) 8,283 words, 3 divisions cc1391-409

CLAUSE 2.—(Short Title). 46 words c1409

Back to GOLD STANDARD (AMENDMENT) BILL.
Forward to CLAUSE 1.—(Suspension of right to purchase gold bullion.)

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